

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

**For The Year Ended  
June 30, 2021**



**MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS  
[auditor.ky.gov](http://auditor.ky.gov)**

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



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

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable William K. Wilson, Hickman County Judge/Executive  
Members of the Hickman County Fiscal Court

**Independent Auditor's Report**

**Report on the Financial Statement**

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Hickman County Fiscal Court, for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise the Hickman County Fiscal Court's financial statement as listed in the table of contents.

**Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of this 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 Responsibility**

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Audit Guide for Fiscal Court Audits* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

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

### **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 paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Hickman County Fiscal Court as of June 30, 2021, or changes in financial position or cash flows thereof for the year then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of the Hickman County Fiscal Court as of June 30, 2021, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government as described in Note 1.

### **Other Matters**

#### *Supplementary and Other Information*

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

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

The Schedule of Capital Assets has not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

To the People of Kentucky  
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The Honorable William K. Wilson, Hickman County Judge/Executive  
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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2022, on our consideration of the Hickman 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 Hickman County Fiscal Court's internal control over financial reporting and compliance.

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

2021-001 The Hickman County Fiscal Court Failed To Implement Proper Internal Controls Over Disbursements

Respectfully submitted,

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

Mike Harmon  
Auditor of Public Accounts

April 11, 2022

**HICKMAN COUNTY OFFICIALS****For The Year Ended June 30, 2021****Fiscal Court Members:**

William K. Wilson	County Judge/Executive
Henry Cole	Magistrate
Kory Naranjo	Magistrate
Irvin Stroud	Magistrate

**Other Elected Officials:**

Jason Batts	County Attorney
Chad Barber	Jailer
James Berry	County Clerk
Cinda Yates	Circuit Court Clerk
Benjamin Natividad	Sheriff
Amanda Ballantine	Property Valuation Administrator
Paula Boaz	Coroner

**Appointed Personnel:**

Dawn Mathis	Deputy County Judge/Executive
Amy Crump	County Treasurer



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

**For The Year Ended June 30, 2021**

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

**For The Year Ended June 30, 2021**

	<b>Budgeted Funds</b>		
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>
<b>RECEIPTS</b>			
Taxes	\$ 963,463	\$	\$
In Lieu Tax Payments	48,909		
Excess Fees	64,194		
Licenses and Permits	6,905		
Intergovernmental	133,068	1,543,298	69,464
Charges for Services	25,138		7,914
Miscellaneous	627,745	28,993	1,501
Interest	3,243	1,244	78
Total Receipts	<u>1,872,665</u>	<u>1,573,535</u>	<u>78,957</u>
<b>DISBURSEMENTS</b>			
General Government	1,137,880		
Protection to Persons and Property	186,768		58,748
General Health and Sanitation	1,900		
Social Services	37,773		
Recreation and Culture	36,839		
Roads		1,198,560	
Debt Service		63,601	
Administration	452,998	186,862	12,540
Total Disbursements	<u>1,854,158</u>	<u>1,449,023</u>	<u>71,288</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>18,507</u>	<u>124,512</u>	<u>7,669</u>
<b>Other Adjustments to Cash (Uses)</b>			
Bond Proceeds			
Financing Obligation Proceeds		79,760	
Change in Payroll Revolving Account	7,909		
Transfers From Other Funds	750,930	355,136	175,000
Transfers To Other Funds	(520,263)	(531,291)	(173,698)
Total Other Adjustments to Cash (Uses)	<u>238,576</u>	<u>(96,395)</u>	<u>1,302</u>
Net Change in Fund Balance	257,083	28,117	8,971
Fund Balance - Beginning	<u>207,062</u>	<u>109,288</u>	<u>10,393</u>
Fund Balance - Ending	<u>\$ 464,145</u>	<u>\$ 137,405</u>	<u>\$ 19,364</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 506,201	\$ 159,314	\$ 23,843
Payroll Revolving Account Reconciled Balance	18,935		
Less: Outstanding Checks	<u>(60,991)</u>	<u>(21,909)</u>	<u>(4,479)</u>
Fund Balance - Ending	<u>\$ 464,145</u>	<u>\$ 137,405</u>	<u>\$ 19,364</u>

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

**HICKMAN COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2021**  
**(Continued)**

<b>Budgeted Funds</b>					
<b>Local Government Economic Assistance Fund</b>	<b>Community Development Block Grant Fund</b>	<b>Disaster Emergency Services Fund</b>	<b>Ambulance Rental Fund</b>	<b>USDA Fund</b>	<b>American Recovery Plan Act Fund</b>
\$	\$	\$	\$	\$	\$
185	124,709	10,500	20,000	138,826	425,382
3		8	20		
188	124,709	10,508	20,020	138,826	425,382
4,328	124,708	22,784	30,556		
				518	
490		2,309			
4,818	124,708	25,093	30,556	518	
(4,630)	1	(14,585)	(10,536)	138,308	425,382
				129,800	
4,000		17,754	556	(251,719)	
4,000		17,754	556	(121,919)	
(630)	1	3,169	(9,980)	16,389	425,382
1,142	1	918	10,340		
\$ 512	\$ 2	\$ 4,087	\$ 360	\$ 16,389	\$ 425,382
\$ 512	\$ 38,372	\$ 4,485	\$ 20,360	\$ 16,389	\$ 425,382
	(38,370)	(398)	(20,000)		
\$ 512	\$ 2	\$ 4,087	\$ 360	\$ 16,389	\$ 425,382

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

**HICKMAN COUNTY**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND BALANCES - REGULATORY BASIS**  
**For The Year Ended June 30, 2021**  
**(Continued)**

	<u>Unbudgeted Fund</u>	
	<b>Public Properties Corporation Fund</b>	<b>Total Funds</b>
<b>RECEIPTS</b>		
Taxes	\$	\$ 963,463
In Lieu Tax Payments		48,909
Excess Fees		64,194
Licenses and Permits		6,905
Intergovernmental	113,703	2,579,135
Charges for Services		33,052
Miscellaneous		658,239
Interest		4,596
Total Receipts	<u>113,703</u>	<u>4,358,493</u>
<b>DISBURSEMENTS</b>		
General Government		1,266,916
Protection to Persons and Property		298,856
General Health and Sanitation		1,900
Social Services		37,773
Recreation and Culture		36,839
Roads		1,198,560
Debt Service	287,297	351,416
Administration		655,199
Total Disbursements	<u>287,297</u>	<u>3,847,459</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(173,594)</u>	<u>511,034</u>
<b>Other Adjustments to Cash (Uses)</b>		
Bond Proceeds		129,800
Financing Obligation Proceeds		79,760
Payroll Revolving Account		7,909
Transfers From Other Funds	173,595	1,476,971
Transfers To Other Funds		(1,476,971)
Total Other Adjustments to Cash (Uses)	<u>173,595</u>	<u>217,469</u>
Net Change in Fund Balance	1	728,503
Fund Balance - Beginning	<u>3,502</u>	<u>342,646</u>
Fund Balance - Ending	<u>\$ 3,503</u>	<u>\$ 1,071,149</u>
<b>Composition of Fund Balance</b>		
Bank Balance	\$ 3,503	\$ 1,198,361
Payroll Revolving Account Reconciled Balance		18,935
Less: Outstanding Checks		(146,147)
Fund Balance - Ending	<u>\$ 3,503</u>	<u>\$ 1,071,149</u>

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

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**HICKMAN COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2021**

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

**A. Reporting Entity**

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

**HICKMAN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(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.

Community Development Block Grant Fund - The primary purpose of this fund is to account for grant funds received and disbursed.

Disaster Emergency Services Fund - The primary purpose of this fund is to account for grants and related expenditures when disaster and emergency events occur. The primary sources of receipts for this fund are grants from the state and federal governments.

Ambulance Rental Fund - The primary purpose of this fund is to account for funds received and expended in the operation of the ambulance services provided by the county.

USDA Fund - The primary purpose of this fund is to account for funds received and disbursed through the Community Facility Loan and Grant program.

American Recovery Plan Act Fund - The primary purpose of this fund is to account for funds received from the federal government.

**Unbudgeted Funds**

The fiscal court reports the following unbudgeted fund:

Public Properties Corporation Fund - The primary purpose of this fund is to account for debt service requirements of refunding revenue bonds and general obligation bonds of the fiscal court. The Department for Local Government does not require the fiscal court to budget this fund.

**D. Budgetary Information**

Annual budgets are adopted 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 and according to the laws of Kentucky as required by the state local finance officer.

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 public properties corporation fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

**HICKMAN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

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

**E. Hickman County Elected Officials**

Kentucky law provides for election of the officials listed below from the geographic area constituting Hickman 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 Hickman 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**

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



**HICKMAN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 2. Deposits (Continued)**

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of the *DLG County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2021, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**Note 3. Transfers**

The table below shows the interfund operating transfers for fiscal year 2021.

	General Fund	Road Fund	Jail Fund	USDA Fund	Total Transfers In
General Fund	\$	\$ 528,537	\$ 103	\$ 222,290	\$ 750,930
Road Fund	325,707			29,429	355,136
Jail Fund	175,000				175,000
LGEA Fund	4,000				4,000
Disaster Emergency Services Fund	15,000	2,754			17,754
Ambulance Rental Fund	556				556
Public Properties Corporation Fund			173,595		173,595
Total Transfers Out	<u>\$ 520,263</u>	<u>\$ 531,291</u>	<u>\$ 173,698</u>	<u>\$ 251,719</u>	<u>\$ 1,476,971</u>

Reason for transfers:

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

**Note 4. Long Term Debt**

**A. Direct Borrowings and Direct Placements**

**1. Financing Obligation - Grader**

In March 2019, the Hickman County Fiscal Court entered into a financing obligation with John Deere Financial for a road grader for \$100,310, excluding a purchase option amount of \$200,414 due at the end of the lease term. The principal balance is to be paid in 48 annual installments of \$2,090 beginning in May 2019. The maturity date of the obligation is April 2023. To secure the county's obligations under this agreement, the lessor is granted first priority security interest in the unit, including all attachments. The county must protect and defend the lessor's security interest in the unit and keep the unit free and clear of any and all claims, liens, encumbrances, and legal processes however and whenever arising. Upon an event of default, the lessor will have all rights and remedies available under applicable law and declare all lease payments due or to become due during the fiscal year to be immediately due and payable by the county. As of June 30, 2021, the outstanding principal balance was \$45,975. Future principal and interest requirements are:

**HICKMAN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 4. Long Term Debt (Continued)**

**A. Direct Borrowings and Direct Placements (Continued)**

**1. Financing Obligation - Grader (Continued)**

Fiscal Year Ending June 30	Principal & Interest
2022	\$ 25,077
2023	<u>20,898</u>
Totals	<u>\$ 45,975</u>

**2. Financing Obligation - Truck**

In September 2019, the Hickman County Fiscal Court entered into a financing obligation with First Community Bank of the Heartland, Inc. for the purchase of a 2019 truck for \$28,881 to be used by the road department. The principal is to be paid in 36 monthly installments of \$845 beginning September 30, 2019. The maturity date of the obligation is August 30, 2022. To secure the county's obligations under this agreement, the lessor is granted first priority security interest in the unit, including all attachments. The county must protect and defend the lessor's security interest in the unit and keep the unit free and clear of any and all claims, liens, encumbrances, and legal processes however and whenever arising. Upon an event of default, the lessor will have all rights and remedies available under applicable law and declare all lease payments due or to become due during the fiscal year to be immediately due and payable by the county. As of June 30, 2021, this obligation had been paid in full.

**3. Financing Obligation - Compact Loader**

In October 2020, the Hickman County Fiscal Court entered into a financing obligation with John Deere Financial for the purchase of a compact loader for \$79,760. The principal balance is to be paid in five annual installments beginning October 2020. The maturity date of the obligation is October 2024. To secure the county's obligations under this agreement, the lessor is granted first priority security interest in the unit, including all attachments. The county must protect and defend the lessor's security interest in the unit and keep the unit free and clear of any and all claims, liens, encumbrances, and legal processes however and whenever arising. Upon the event of default, the lessor will have all rights and remedies available under applicable law and declare all lease payments due or to become due during the fiscal year to be immediately due and payable by the county. As of June 30, 2021, the outstanding principal balance was \$62,526. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 14,719	\$ 2,515
2023	15,311	1,923
2024	15,927	1,307
2025	<u>16,569</u>	<u>666</u>
Totals	<u>\$ 62,526</u>	<u>\$ 6,411</u>

**HICKMAN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 4. Long Term Debt (Continued)**

**A. Direct Borrowings and Direct Placements (Continued)**

**4. General Obligation Bonds, Series 2020 - Courthouse Improvements Project**

The Hickman County Fiscal Court issued general obligation bonds, series 2020, on August 6, 2020, for \$56,800. The bonds are authorized and issued under an ordinance enacted by the governing authority of the county for the purpose of defraying the costs of the construction of improvements to the courthouse facilities of the county.

Principal payments are due each year on January 1 beginning in 2022. The county has covenanted with the holders of the bonds that it will levy said special annual tax in each year at whatever rates may be necessary from time to time in order to produce the amounts required in each year, to the extent not otherwise provided, to pay the bonds and interest (and premium, if any) when and as they mature or become due.

If principal or interest should fall due in any year at a time when there are insufficient funds on hand, collected by reason of the foregoing special tax levy, such principal and interest shall be paid from other available funds of the county and reimbursement therefor shall be made out of the special tax provided in the ordinance when the same shall have been collected.

Upon default in the payment of any principal or interest payment on this bond, or upon failure by the county to comply with any other provision of this bond or with any provision of the ordinance, the registered owner may, at its option, institute all rights and remedies provided by law or by said ordinance. The registered owner and issuer of the bonds, the U.S. Department of Agriculture, has not included scheduled interest due on the amortization schedule. As of June 30, 2021, the principal balance of these bonds was \$56,800. Annual debt service requirements to maturity for the bonds are:

<u>Fiscal Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Scheduled</u> <u>Interest</u>
2022	\$ 1,000	\$
2023	1,000	
2024	1,000	
2025	1,000	
2026	1,000	
2027-2031	5,000	
2032-2036	5,000	
2037-2041	5,000	
2042-2046	6,000	
2047-2051	10,000	
2052-2056	10,000	
2057-2059	10,800	
Totals	<u>\$ 56,800</u>	<u>\$ 0</u>

**HICKMAN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 4. Long Term Debt (Continued)**

**A. Direct Borrowings and Direct Placements (Continued)**

**5. Financing Obligation - USDA Trucks**

In December 2020, the Hickman County Fiscal Court entered into an unsecured promissory note with the United States Department of Agriculture in the amount of \$73,000 for the purpose of purchasing vehicles. The principal balance is to be paid in five annual installments beginning in December 2021, with an interest rate of 2.125 percent. The maturity date of the promissory note is December 2025. As of June 30, 2021, the outstanding principal balance was \$73,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 13,993	\$ 1,551
2023	14,290	1,254
2024	14,594	950
2025	14,902	642
2026	15,221	323
Totals	<u>\$ 73,000</u>	<u>\$ 4,720</u>

**B. Other Debt**

**1. First Mortgage Refunding Revenue Bonds, Series 2008 - Courthouse Annex**

The Hickman County Public Properties Corporation, an independent corporate agency and instrumentality of Hickman County, issued first mortgage revenue bonds, series 2008, for the purpose of discharging the outstanding bonds of series 1999. The net proceeds thereof were used to complete, equip, and furnish the Court Facilities Project and annex which houses county government offices.

The Hickman County Public Projects Corporation (corporation) issued refunding revenue bonds, series 2008, on August 13, 2008, for \$1,275,000. The corporation entered into a Use and Sublease Agreement with the Kentucky Administrative Office of the Courts (AOC) dated August 18, 2008, whereby AOC agreed to make semi-annual payments directly to the paying agent to partially fund the debt service for the bond issuance. Principal payments are due each year on March 1 and interest is payable each year on September 1 and March 1. The bonds are equally secured by the mortgage, without any preference, priority or distinction whatsoever of the lien thereof in favor of any one or more of the bonds over any one or more of the others, reference thereto being hereby made, but only for a particular description of the terms and conditions thereof on which the bonds are issued and secured and for a description of the securities therefor and of the rights of the holders in regard thereto. As of June 30, 2021, outstanding bond principal was \$215,000. The remaining bond principal and interest requirements are:

**HICKMAN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 4. Long Term Debt (Continued)**

**B. Other Debt (Continued)**

**1. First Mortgage Refunding Revenue Bonds, Series 2008 - Courthouse Annex (Continued)**

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2022	\$ 105,000	\$ 9,353
2023	<u>110,000</u>	<u>4,785</u>
Totals	<u>\$ 215,000</u>	<u>\$ 14,138</u>

**2. General Obligation Refunding Bonds, Series 2010 - Detention Center Project**

The Hickman County Fiscal Court issued general obligation improvement bonds, series 1999 dated April 1, 1999, for the purpose of financing the acquisition, construction, and improvement of the Hickman County Detention Center. On April 14, 1999, \$2,820,000 of improvement were issued at various interest rates. The maturity date of the improvement bonds is April 1, 2025. The prior bonds have been called.

The Hickman County Fiscal Court issued refunding general obligation bonds, series 2010, on October 1, 2010, for \$2,005,000. Principal payments are due each year on October 1, and interest is payable each year on April 1 and October 1. The bonds are equally secured by the Mortgage, without any preference, priority or distinction whatsoever of the lien thereof in favor of any one or more of the bonds over any one or more of the others, reference thereto being hereby made, but only for a particular description of the terms and conditions thereof on which the bonds are issued and secured and for a description of the securities therefor and of the rights of the holders in regard thereto. The principal balance of these bonds as of June 30, 2021, was \$640,000. Annual debt service requirements to maturity for the bonds are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2022	\$ 150,000	\$ 18,645
2023	155,000	13,613
2024	165,000	8,333
2025	<u>170,000</u>	<u>2,805</u>
Totals	<u>\$ 640,000</u>	<u>\$ 43,396</u>

**HICKMAN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 4. Long Term Debt (Continued)**

**C. Changes In Long-term Debt**

Long-term Debt activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 92,134	\$ 209,560	\$ 63,393	\$ 238,301	\$ 54,789
Revenue Bonds	1,105,000		250,000	855,000	255,000
Total Long-term Debt	<u>\$ 1,197,134</u>	<u>\$ 209,560</u>	<u>\$ 313,393</u>	<u>\$ 1,093,301</u>	<u>\$ 309,789</u>

**D. Aggregate Debt Schedule**

The amount of required principal and interest payments on long-term obligations at June 30, 2021, were as follows:

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2022	\$ 255,000	\$ 27,998	\$ 54,789	\$ 4,066
2023	265,000	18,398	51,499	3,177
2024	165,000	8,333	31,521	2,257
2025	170,000	2,805	32,471	1,308
2026			16,221	323
2027-2031			5,000	
2032-2036			5,000	
2037-2041			5,000	
2042-2046			6,000	
2047-2051			10,000	
2052-2056			10,000	
2057-2059			10,800	
Totals	<u>\$ 855,000</u>	<u>\$ 57,534</u>	<u>\$ 238,301</u>	<u>\$ 11,131</u>

**HICKMAN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 5. 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 (KRS). 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 Retirement Systems as an agency of the Commonwealth is now known as the Kentucky Public Pensions Authority (KPPA). The governance of CERS has been transferred to a separate 9-member board of trustees that is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2019 was \$226,904, FY 2020 was \$258,444, and FY 2021 was \$253,704.

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 KRS 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 KRS 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 24.06 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:

**HICKMAN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 5. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

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

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn 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.

Benefits are covered under KRS 78.5536 with exception of COLA and retiree health benefits after July 2003.

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

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

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

Tier 2 member benefits are covered by KRS 78.5536 with exception of COLA and retiree health benefits after July 2003. Tier 3 members are not covered by the same provisions.

C. Cost of Living Adjustments - Tier 1

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of KRS 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.



**HICKMAN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 5. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB) (Continued)

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

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

**E. Death Benefit**

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

KRS Annual Financial Report and Proportionate Share Audit Report

KRS 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 6. Deferred Compensation**

The Hickman 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.

**HICKMAN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 7. Health Reimbursement Account/Flexible Spending Account**

For the fiscal year ended June 30, 2021, the Hickman County Fiscal Court maintained a health reimbursement account (HRA) and a flexible spending account (FSA) to provide employees additional health benefits. The county contracted with a third-party administrator to administer the plans. The HRA plan provides \$600 per year to eligible employees. Employees who participate in an FSA contribute to their plans through payroll deduction. As of June 30, 2021, the balance of the HRA was \$4,081 and the balance of the FSA was \$0.

**Note 8. Insurance**

For the fiscal year ended June 30, 2021, the Hickman 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 9. Payroll Revolving Account**

The reconciled balance of the payroll revolving account as of June 30, 2021, was added to the general fund cash balance for financial reporting purposes.

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

**For The Year Ended June 30, 2021**

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

**For The Year Ended June 30, 2021**

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 837,000	\$ 908,168	\$ 963,463	\$ 55,295
In Lieu Tax Payments	55,000	55,000	48,909	(6,091)
Excess Fees	24,358	61,704	64,194	2,490
Licenses and Permits	6,800	6,800	6,905	105
Intergovernmental	122,524	174,864	133,068	(41,796)
Charges for Services	27,423	27,423	25,138	(2,285)
Miscellaneous	442,000	685,986	627,745	(58,241)
Interest	2,700	2,700	3,243	543
Total Receipts	<u>1,517,805</u>	<u>1,922,645</u>	<u>1,872,665</u>	<u>(49,980)</u>
<b>DISBURSEMENTS</b>				
General Government	987,217	1,247,580	1,137,880	109,700
Protection to Persons and Property	191,300	223,800	186,768	37,032
General Health and Sanitation	1,550	2,150	1,900	250
Social Services	40,000	40,867	37,773	3,094
Recreation and Culture	38,825	51,959	36,839	15,120
Debt Service	20,000	2,000		2,000
Administration	508,955	824,331	452,998	371,333
Total Disbursements	<u>1,787,847</u>	<u>2,392,687</u>	<u>1,854,158</u>	<u>538,529</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(270,042)</u>	<u>(470,042)</u>	<u>18,507</u>	<u>488,549</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	233,870	233,870	750,930	517,060
Transfers To Other Funds	(213,828)	(213,828)	(520,263)	(306,435)
Total Other Adjustments to Cash (Uses)	<u>20,042</u>	<u>20,042</u>	<u>230,667</u>	<u>210,625</u>
Net Change in Fund Balance	(250,000)	(450,000)	249,174	699,174
Fund Balance - Beginning	<u>250,000</u>	<u>250,000</u>	<u>207,062</u>	<u>(42,938)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (200,000)</u>	<u>\$ 456,236</u>	<u>\$ 656,236</u>

**HICKMAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,519,285	\$ 1,519,285	\$ 1,543,298	\$ 24,013
Charges for Services	500	500		(500)
Miscellaneous	22,500	22,500	28,993	6,493
Interest	1,000	1,000	1,244	244
Total Receipts	<u>1,543,285</u>	<u>1,543,285</u>	<u>1,573,535</u>	<u>30,250</u>
<b>DISBURSEMENTS</b>				
Roads	1,072,430	1,292,945	1,198,560	94,385
Debt Service	21,200	65,512	63,601	1,911
Administration	215,785	270,246	186,862	83,384
Total Disbursements	<u>1,309,415</u>	<u>1,628,703</u>	<u>1,449,023</u>	<u>179,680</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>233,870</u>	<u>(85,418)</u>	<u>124,512</u>	<u>209,930</u>
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds			79,760	79,760
Transfers From Other Funds			355,136	355,136
Transfers To Other Funds	<u>(233,870)</u>	<u>(233,870)</u>	<u>(531,291)</u>	<u>(297,421)</u>
Total Other Adjustments to Cash (Uses)	<u>(233,870)</u>	<u>(233,870)</u>	<u>(96,395)</u>	<u>137,475</u>
Net Change in Fund Balance		(319,288)	28,117	347,405
Fund Balance - Beginning		<u>109,288</u>	<u>109,288</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (210,000)</u>	<u>\$ 137,405</u>	<u>\$ 347,405</u>

**HICKMAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

<b>JAIL FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 71,375	\$ 71,375	\$ 69,464	\$ (1,911)
Charges for Services	5,000	5,000	7,914	2,914
Miscellaneous	1,000	1,000	1,501	501
Interest	200	200	78	(122)
Total Receipts	<u>77,575</u>	<u>77,575</u>	<u>78,957</u>	<u>1,382</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	91,400	90,802	58,748	32,054
Debt Service	173,595	173,595		173,595
Administration	14,650	15,248	12,540	2,708
Total Disbursements	<u>279,645</u>	<u>279,645</u>	<u>71,288</u>	<u>208,357</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(202,070)</u>	<u>(202,070)</u>	<u>7,669</u>	<u>209,739</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	199,070	199,070	175,000	(24,070)
Transfers To Other Funds			(173,698)	(173,698)
Total Other Adjustments to Cash (Uses)	<u>199,070</u>	<u>199,070</u>	<u>1,302</u>	<u>(197,768)</u>
Net Change in Fund Balance	(3,000)	(3,000)	8,971	11,971
Fund Balance - Beginning	<u>3,000</u>	<u>3,000</u>	<u>10,393</u>	<u>7,393</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 19,364</u>	<u>\$ 19,364</u>

**HICKMAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 150	\$ 150	\$ 185	\$ 35
Miscellaneous	1,000	1,000		(1,000)
Interest	5	5	3	(2)
Total Receipts	1,155	1,155	188	(967)
<b>DISBURSEMENTS</b>				
General Government	4,328	4,328	4,328	
Protection to Persons and Property	150	150		150
Administration	635	635	490	145
Total Disbursements	5,113	5,113	4,818	295
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(3,958)	(3,958)	(4,630)	(672)
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	3,558	3,558	4,000	442
Total Other Adjustments to Cash (Uses)	3,558	3,558	4,000	442
Net Change in Fund Balance	(400)	(400)	(630)	(230)
Fund Balance - Beginning	400	400	1,142	742
Fund Balance - Ending	\$ 0	\$ 0	\$ 512	\$ 512



**HICKMAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

**COMMUNITY DEVELOPMENT BLOCK GRANT FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 537,000	\$ 537,000	\$ 124,709	\$ (412,291)
Total Receipts	537,000	537,000	124,709	(412,291)
<b>DISBURSEMENTS</b>				
General Government	537,000	127,000	124,708	2,292
Total Disbursements	537,000	127,000	124,708	2,292
Net Change in Fund Balance		410,000	1	(409,999)
Fund Balance - Beginning			1	1
Fund Balance - Ending	\$ 0	\$ 410,000	\$ 2	\$ (409,998)

**HICKMAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

<b>DISASTER EMERGENCY SERVICES FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 10,500	\$ 10,500	\$ 10,500	\$
Miscellaneous	11,000	11,000		(11,000)
Interest	20	20	8	(12)
Total Receipts	21,520	21,520	10,508	(11,012)
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	32,750	32,750	22,784	9,966
Administration	2,770	2,770	2,309	461
Total Disbursements	35,520	35,520	25,093	10,427
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(14,000)	(14,000)	(14,585)	(585)
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	10,000	10,000	17,754	7,754
Total Other Adjustments to Cash (Uses)	10,000	10,000	17,754	7,754
Net Change in Fund Balance	(4,000)	(4,000)	3,169	7,169
Fund Balance - Beginning	4,000	4,000	918	(3,082)
Fund Balance - Ending	\$ 0	\$ 0	\$ 4,087	\$ 4,087

**HICKMAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

<b>AMBULANCE RENTAL FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 20,000	\$ 10,000
Interest	15	15	20	5
Total Receipts	10,015	10,015	20,020	10,005
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	21,555	21,555	30,556	(9,001)
Total Disbursements	21,555	21,555	30,556	(9,001)
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(11,540)	(11,540)	(10,536)	1,004
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	1,200	1,200	556	(644)
Total Other Adjustments to Cash (Uses)	1,200	1,200	556	(644)
Net Change in Fund Balance	(10,340)	(10,340)	(9,980)	360
Fund Balance - Beginning	10,340	10,340	10,340	
Fund Balance - Ending	\$ 0	\$ 0	\$ 360	\$ 360

**HICKMAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

	<b>USDA FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts, (Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
<b>RECEIPTS</b>				
Intergovernmental	\$ 99,575	\$ 99,575	\$ 138,826	\$ 39,251
Total Receipts	99,575	99,575	138,826	39,251
<b>DISBURSEMENTS</b>				
Debt Service	12,000	12,000	518	11,482
Administration	144,375	144,375		144,375
Total Disbursements	156,375	156,375	518	155,857
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(56,800)	(56,800)	138,308	195,108
<b>Other Adjustments to Cash (Uses)</b>				
Bond Proceeds	56,800	56,800	129,800	73,000
Transfers To Other Funds			(251,719)	(251,719)
Total Other Adjustments to Cash (Uses)	56,800	56,800	(121,919)	(178,719)
Net Change in Fund Balance			16,389	16,389
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 16,389	\$ 16,389

**HICKMAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

AMERICAN RECOVERY PLAN ACT FUND					
		Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
		Original	Final		
<b>RECEIPTS</b>					
Intergovernmental		\$	\$ 425,382	\$ 425,382	\$
Total Receipts			425,382	425,382	
<b>DISBURSEMENTS</b>					
Administration			425,382		425,382
Total Disbursements			425,382		425,382
Net Change in Fund Balance				425,382	425,382
Fund Balance - Beginning					
Fund Balance - Ending		\$ 0	\$ 0	\$ 425,382	\$ 425,382

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

**June 30, 2021**

**Note 1. Budgetary Information**

Annual budgets are adopted 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 and according to the laws of Kentucky as required by the state local finance officer.

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.

**Note 2. Reconciliation of the General Fund**

Total Other Adjustments to Cash (Uses) - Budgetary Basis	\$ 230,667
To adjust for change in Payroll Revolving Account	<u>7,909</u>
Total Other Adjustments to Cash (Uses) - Regulatory Basis	<u><u>\$ 238,576</u></u>
 Fund Balance - Ending - Budgetary Basis	 \$ 456,236
To adjust for change in Payroll Revolving Account	<u>7,909</u>
Total Fund Balance - Ending - Regulatory Basis	<u><u>\$ 464,145</u></u>

**Note 3. Excess of Disbursements Over Appropriations**

Ambulance rental fund, protection to persons and property line item, exceeded budgeted appropriations by \$9,001.

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

**For The Year Ended June 30, 2021**

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

**For The Year Ended June 30, 2021**

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 47,194	\$	\$	\$ 47,194
Buildings	4,014,417			4,014,417
Machinery and Equipment	958,035	97,536	16,096	1,039,475
Vehicles	480,471	82,182	59,311	503,342
Infrastructure	4,874,524	140,360		5,014,884
 Total Capital Assets	 <u>\$ 10,374,641</u>	 <u>\$ 320,078</u>	 <u>\$ 75,407</u>	 <u>\$ 10,619,312</u>

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

**June 30, 2021**

**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.

	Capitalization Threshold	Useful Life (Years)
Land	\$ 20,000	10-60
Buildings	\$ 20,000	10-75
Machinery and Equipment	\$ 20,000	3-25
Vehicles	\$ 20,000	3-15
Infrastructure	\$ 20,000	10-50

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

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

The Honorable William K. Wilson, Hickman County Judge/Executive  
Members of the Hickman County Fiscal Court

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**

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 Hickman County Fiscal Court for the fiscal year ended June 30, 2021, and the related notes to the financial statement which collectively comprise the Hickman County Fiscal Court's financial statement and have issued our report thereon dated April 11, 2022.

**Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2021-001 to be a material weakness.



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

**Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Hickman County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2021-001.

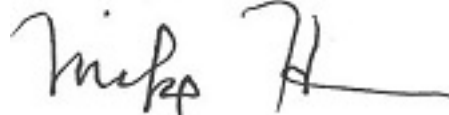
**Views of Responsible Official and Planned Corrective Action**

Hickman County's views and planned corrective action for the findings identified in our audit are included in the accompanying Schedule of Findings and Responses. The county's response was not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on it.

**Purpose of this Report**

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

Respectfully submitted,

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

Mike Harmon  
Auditor of Public Accounts

April 11, 2022

**HICKMAN COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2021**

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**HICKMAN COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2021**

FINANCIAL STATEMENT FINDING:

2021-001    The Hickman County Fiscal Court Failed To Implement Proper Internal Controls Over Disbursements

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The Hickman County Fiscal Court failed to implement proper internal controls over disbursements resulting in the following findings:

- Twenty-nine purchase orders were issued after the expenses were incurred.
- One invoice was not paid within 30 days.
- Two credit card invoices were paid late resulting in finance charges and late fees.

Purchase orders were not issued before the expenses were incurred because the treasurer creates the purchase orders on the day that the checks are written. Due to oversight, one invoice was not paid within 30 days, and two credit card statements were paid late.

The issues noted above could result in line-items being over budget, claims being paid which are not valid obligations of the fiscal court, and misappropriation of assets. Additionally, the fiscal court is not in compliance with KRS 65.140(2).

Strong internal controls dictate that purchase orders be approved and issued prior to items being ordered and expenses being incurred. This control helps ensure that the county will be within budget constraints before any liability is incurred.

KRS 68.210 gives the state local finance officer the authority to prescribe a system of uniform accounts. The Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual* outlines requirements for counties' handling of public funds, including required purchasing procedures for counties.

According to a memorandum from the Department for Local Government (DLG) dated August 4, 2016, "[t]he main purpose of this system is to ensure that purchases can be made if there are sufficient appropriations available within the amount of line items in the county's budget. Because of this, it is a requirement by the State Local Finance Officer that all counties have a purchase order system and follow the guidelines prescribed on Page 54 of the *County Budget Preparation and State Local Finance Officer Policy Manual*."

Strong internal controls also dictate that invoices be monitored to ensure that bills are paid timely. Furthermore, KRS 65.140(2) states, "[u]nless the purchaser and vendor otherwise contract, all bills for goods or services shall be paid within thirty (30) working days of receipt of a vendor's invoice[.]"

We recommend that the Hickman County Fiscal Court strengthen internal controls over disbursements by ensuring that purchase orders are issued prior to all purchases being made. We further recommend the fiscal court pay all invoices within 30 working days of receipt.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: Treasurer will work with all departments to ensure purchase orders are assigned prior to purchases being made. Treasurer will make sure all invoices are paid at the next scheduled Fiscal Court meeting after invoice is received. Due to Covid-19 mail was taking longer to get to reach vendors. [name redacted] was taking up to 3 weeks to be received and processed. We chose to go with a different Corporate Credit card so that we could ensure that payments would not be late and fees would not be assessed.*

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

**HICKMAN COUNTY FISCAL COURT**

**For The Year Ended June 30, 2021**

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CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
COUNTY FISCAL COURT

For The Year Ended June 30, 2021

The Hickman 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.

A handwritten signature in black ink, appearing to read "Penny Wilson", written over a horizontal line.

County Judge/Executive

A handwritten signature in black ink, appearing to read "Amy Crump", written over a horizontal line.

County Treasurer