

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

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



**ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS  
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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 Jack Whitfield, Jr., Hopkins County Judge/Executive  
Members of the Hopkins 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 Hopkins County Fiscal Court, for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the Hopkins 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 Hopkins 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 Hopkins 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 Hopkins 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

Finance and Administration Cabinet

The Honorable Jack Whitfield, Jr., Hopkins County Judge/Executive

Members of the Hopkins 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 Hopkins 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***

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

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Jack Whitfield, Jr., Hopkins County Judge/Executive  
Members of the Hopkins 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 Hopkins County Fiscal Court. The Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

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

***Other Information***

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

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Jack Whitfield, Jr., Hopkins County Judge/Executive  
Members of the Hopkins County Fiscal Court

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2024, on our consideration of the Hopkins 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 Hopkins County Fiscal Court's internal control over financial reporting and compliance.

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

- 2023-001 The Hopkins County Fiscal Court Had Inadequate Controls Over Disbursements Resulting In Noncompliance
- 2023-002 The Hopkins County Jail Commissary Report Was Materially Misstated
- 2023-003 The Hopkins County Fiscal Court Does Not Have Adequate Controls Over Payroll Processing
- 2023-004 Occupational/Net Profit Tax Receipts Were Not Processed Or Deposited Timely
- 2023-005 The Hopkins County Fiscal Court's Schedule Of Expenditures Of Federal Awards Was Misstated
- 2023-006 The Hopkins County Fiscal Court Failed To Include All Approved Budget Amendments On The Fourth Quarter Financial Statement

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

March 18, 2024



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

Jack Whitfield, Jr.	County Judge/Executive
Ricky Whitaker	Magistrate
Bill Rudd	Magistrate - 7/1/22 to 12/31/22
Buddy Cardwell	Magistrate - 1/1/23 to 6/30/23
Vicki Dickerson Thomison	Magistrate
Ronnie Noel	Magistrate
Billy Parrish	Magistrate
Charlie G. Beshears	Magistrate
Hannah Myers	Magistrate

**Other Elected Officials:**

Lee Riddle	County Attorney
Mike Lewis	Jailer
Keenan Cloern	County Clerk
Tanya Bowman	Circuit Court Clerk
Matt Sanderson	Sheriff
Joe Blue	Property Valuation Administrator
Dennis Mayfield	Coroner

**Appointed Personnel:**

Tracy Browning	County Treasurer
Madonna Priest	Human Resources Coordinator

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

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

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

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

	<b>Budgeted Funds</b>		
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>
<b>RECEIPTS</b>			
Taxes	\$ 12,347,215	\$	\$
Licenses and Permits	113,185		
Intergovernmental	11,310,051	3,124,424	3,844,713
Charges for Services	20		292,803
Miscellaneous	418,070		199,427
Interest	523,730	28,250	13,655
Total Receipts	<u>24,712,271</u>	<u>3,152,674</u>	<u>4,350,598</u>
<b>DISBURSEMENTS</b>			
General Government	6,838,288		
Protection to Persons and Property	493,749		4,429,067
General Health and Sanitation	900		
Social Services			
Recreation and Culture			
Roads		2,946,837	
Debt Service			62,036
Capital Projects	14,892	1,389,815	
Administration	4,936,051	626,287	1,165,404
Total Disbursements	<u>12,283,880</u>	<u>4,962,939</u>	<u>5,656,507</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>12,428,391</u>	<u>(1,810,265)</u>	<u>(1,305,909)</u>
<b>Other Adjustments to Cash (Uses)</b>			
Transfers From Other Funds		1,900,000	1,350,000
Transfers To Other Funds	<u>(3,440,000)</u>		
Total Other Adjustments to Cash (Uses)	<u>(3,440,000)</u>	<u>1,900,000</u>	<u>1,350,000</u>
Net Change in Fund Balance	8,988,391	89,735	44,091
Fund Balance - Beginning (Restated)	<u>10,501,570</u>	<u>424,014</u>	<u>629,828</u>
Fund Balance - Ending	<u>\$ 19,489,961</u>	<u>\$ 513,749</u>	<u>\$ 673,919</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 19,557,938	\$ 815,416	\$ 741,689
Plus: Deposits In Transit			
Less: Outstanding Checks	<u>(67,977)</u>	<u>(301,667)</u>	<u>(67,770)</u>
Fund Balance - Ending	<u>\$ 19,489,961</u>	<u>\$ 513,749</u>	<u>\$ 673,919</u>

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

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

<b>Budgeted Funds</b>						
<b>Local Government Economic Assistance Fund</b>	<b>COVID Relief Fund</b>	<b>State Aid Funding For Emergencies Fund</b>	<b>Sports Plex Fund</b>	<b>Local Government Economic Development Fund</b>	<b>Contingency Fund</b>	<b>Clerk Record Storage Fund</b>
\$	\$	\$	\$	\$	\$	\$
1,100						
2,688,854			4,556,192	20,090	28,525	
562,165						
397,459		655,848	600,000			109,424
54,140	292,397	344,478	14,630		112,693	2,740
<u>3,703,718</u>	<u>292,397</u>	<u>1,000,326</u>	<u>5,170,822</u>	<u>20,090</u>	<u>141,218</u>	<u>112,164</u>
206,000				30,090		14,300
275,000						
1,809,301						
124,490	1,250,684					
385,015			4,114,900			
1,033,305						
354,470		655,847				
<u>4,187,581</u>	<u>1,250,684</u>	<u>655,847</u>	<u>4,114,900</u>	<u>30,090</u>		<u>14,300</u>
<u>(483,863)</u>	<u>(958,287)</u>	<u>344,479</u>	<u>1,055,922</u>	<u>(10,000)</u>	<u>141,218</u>	<u>97,864</u>
			190,000			
			<u>190,000</u>			
(483,863)	(958,287)	344,479	1,245,922	(10,000)	141,218	97,864
1,539,164	8,357,974	8,553,689	53,149	10,000	3,185,426	
<u>\$ 1,055,301</u>	<u>\$ 7,399,687</u>	<u>\$ 8,898,168</u>	<u>\$ 1,299,071</u>	<u>\$ 0</u>	<u>\$ 3,326,644</u>	<u>\$ 97,864</u>
\$ 1,826,719	\$ 7,480,287	\$ 8,898,168	\$ 1,299,071	\$	\$ 3,326,644	\$ 97,864
(771,418)	(80,600)					
<u>\$ 1,055,301</u>	<u>\$ 7,399,687</u>	<u>\$ 8,898,168</u>	<u>\$ 1,299,071</u>	<u>\$ 0</u>	<u>\$ 3,326,644</u>	<u>\$ 97,864</u>

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

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

	<u>Unbudgeted Funds</u>		
	<u>Public Properties Corporation Fund</u>	<u>Jail Commissary Fund</u>	<u>Total Funds</u>
<b>RECEIPTS</b>			
Taxes	\$	\$	\$ 12,347,215
Licenses and Permits			114,285
Intergovernmental	1,504,906		27,077,755
Charges for Services			854,988
Miscellaneous		358,857	2,739,085
Interest	7,166	3,069	1,396,948
Total Receipts	<u>1,512,072</u>	<u>361,926</u>	<u>44,530,276</u>
<b>DISBURSEMENTS</b>			
General Government			7,088,678
Protection to Persons and Property			5,197,816
General Health and Sanitation			1,810,201
Social Services			1,375,174
Recreation and Culture		416,124	4,916,039
Roads			2,946,837
Debt Service	1,504,406		1,566,442
Capital Projects			2,438,012
Administration			7,738,059
Total Disbursements	<u>1,504,406</u>	<u>416,124</u>	<u>35,077,258</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>7,666</u>	<u>(54,198)</u>	<u>9,453,018</u>
<b>Other Adjustments to Cash (Uses)</b>			
Transfers From Other Funds			3,440,000
Transfers To Other Funds			(3,440,000)
Total Other Adjustments to Cash (Uses)			<u>                    </u>
Net Change in Fund Balance	7,666	(54,198)	9,453,018
Fund Balance - Beginning (Restated)	<u>154,974</u>	<u>654,405</u>	<u>34,064,193</u>
Fund Balance - Ending	<u>\$ 162,640</u>	<u>\$ 600,207</u>	<u>\$ 43,517,211</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 162,640	\$ 723,272	\$ 44,929,708
Plus: Deposits In Transit		8,747	8,747
Less: Outstanding Checks		(131,812)	(1,421,244)
Fund Balance - Ending	<u>\$ 162,640</u>	<u>\$ 600,207</u>	<u>\$ 43,517,211</u>

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

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENT**

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**HOPKINS COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2023**

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

**A. Reporting Entity**

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

The Hopkins County Tourist and Convention Commission would have been included in the reporting entity under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis, they no longer are required components of the reporting entity. Audits of the following entities can be obtained from the Hopkins County Fiscal Court, 56 North Main Street, Madisonville, KY 42431: Hopkins County Tourist and Convention Commission.

**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.



**HOPKINS 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)**

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.

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.

COVID Relief Fund - The primary purpose of this fund is to account for federal monies received from the government following the coronavirus pandemic.

State Aid Funding For Emergencies Fund - The primary purpose of this fund is to account for monies received to support disaster and recovery relief following a tornado in the county. The primary source of receipts for this fund is the state government.

Sports Plex Fund - The primary purpose of this fund is to account for expenses related to construction of a new sports plex in the county.

Local Government Economic Development Fund - The purpose of this fund is to account for LGED grants and related disbursements.

Contingency Fund - The primary purpose of this fund is to set aside funds from general operations to act as a savings account for fiscal court and for special projects when they arise.

Clerk Record Storage Fund - The primary purpose of this fund is to account for the receipts and disbursements associated with the preservation of records within the county clerk's recording department. The primary source of receipts of this fund is the county clerk's collection of storage fees.

**Unbudgeted Funds**

The fiscal court reports the following unbudgeted funds:

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

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

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

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

**D. Budgetary Information**

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

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

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

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

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

**E. Hopkins County Elected Officials**

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

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

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

**F. Deposits and Investments (Continued)**

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

**G. Long-term Obligations**

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

**H. Related Obligations and Joint Ventures**

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

Planning and Zoning Commission

**Note 2. Deposits**

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

**Custodial Credit Risk - Deposits**

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

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

**Note 3. Transfers**

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

	General Fund	Total Transfers In
Road Fund	\$ 1,900,000	\$ 1,900,000
Jail Fund	1,350,000	1,350,000
Sports Plex Fund	190,000	190,000
Total Transfers Out	<u>\$ 3,440,000</u>	<u>\$ 3,440,000</u>

Reason for transfers:

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

**Note 4. Custodial Funds**

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

The fiscal court has the following custodial 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 \$21,557.

**Note 5. Leases**

**1. Lessor**

**A. Juvenile Justice Center**

On February 6, 2013, Hopkins County began leasing office space to the Department of Juvenile Justice. This lease shall be extended automatically upon the same terms and conditions herein for further periods of 12 months, not to exceed seven extension period(s) unless the Commonwealth shall give the lessor written notice 30 days prior to the expiration of the term or any extension that will not be extended. The lease was renewed July 1, 2020 through June 30, 2024. Hopkins County recognized \$11,484 in lease revenue during the current fiscal year related to the lease, which is quarterly payments of \$2,871. As of June 30, 2023, Hopkins County's receivable for lease payments was \$11,484.

**B. Hopkins County Child Support Unit**

On January 21, 2016, Hopkins County began leasing office space to the Hopkins County Child Support Unit. This tenant shall have the option to renew the term of this lease for an additional term of two years. The lease was renewed July 1, 2022 through June 30, 2024. Hopkins County recognized \$13,680 in lease revenue during the current fiscal year related to the lease, which is monthly payments of \$1,140. As of June 30, 2023, Hopkins County's receivable for lease payments was \$13,680.

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

**Note 5. Leases (Continued)**

**1. Lessor (Continued)**

**C. Hopkins County Public Advocacy**

On July 1, 2019, Hopkins County renewed leasing office space to the Hopkins County Public Advocacy. This tenant shall have the option to renew the term of this lease for an additional three years. The lease was renewed July 1, 2022 through June 30, 2025. Hopkins County recognized \$50,088 in lease revenue during the current fiscal year related to the lease, which is quarterly payments of \$12,522. As of June 30, 2023, Hopkins County's receivable for lease payments was \$100,176.

**D. Heathy Choice**

On December 1, 2019, Hopkins County started leasing office space to Health Choice. This tenant shall have the option to renew the term of this lease for an additional two years. The lease was renewed July 1, 2021 through June 30, 2023. Hopkins County recognized \$7,884 in lease revenue during the current fiscal year related to the lease, which is monthly payments of \$657. As of June 30, 2023, Hopkins County's receivable for lease payments has been satisfied.

**E. Administrative Office of the Courts**

On July 1, 2022, Hopkins County started leasing office space to Administrative Office of the Courts (AOC). This tenant shall have the option to renew the term of this lease each year. Hopkins County recognized \$394,892 in lease revenue during the current fiscal year related to the lease. As of June 30, 2023, Hopkins County's receivable for lease payments has been satisfied.

**2. Lessee**

**A. County Treasurer - Copier**

During the current fiscal year, Hopkins County entered into a one-year lease agreement as lessee for the acquisition and use of office equipment. Hopkins County paid \$2,938 in lease payments during the current fiscal year, which is monthly payments of \$243. As of June 30, 2023, lease payments had been satisfied.

**B. County Treasurer - Postage Machine**

On April 1, 2021, Hopkins County entered into a five year three month lease agreement as lessee for the acquisition and use of office equipment. Hopkins County paid \$1,560 in lease payments during the current fiscal year, which is monthly payments of \$130. As of June 30, 2023, the lease value of the outstanding payments was:

Fiscal Year Ended June 30	Amount
2024	\$ 1,559
2025	1,560
2026	1,559
2027	1,560
Total	<u>6,238</u>

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

**Note 5. Leases (Continued)**

**2. Lessee (Continued)**

**C. Jail - Copier**

On June 27, 2019, Hopkins County entered into a three year three month lease agreement as lessee for the acquisition and use of office equipment. Hopkins County paid \$843 in lease payments during the current fiscal year. As of June 30, 2023, lease payments had been satisfied.

**D. Jail - Copier**

On November 14, 2018, Hopkins County entered into a four year lease agreement as lessee for the acquisition and use of office equipment. Hopkins County paid \$856 in lease payments during the current fiscal year. As of June 30, 2023, lease payments had been satisfied.

**E. Sheriff's Office - Copier**

On June 13, 2023, Hopkins County entered into a three year three month lease agreement as lessee for the acquisition and use of office equipment. Hopkins County will pay \$399 monthly in lease payments. As of June 30, 2023, the lease value of the outstanding payments was:

Fiscal Year Ended June 30	Amount
2024	\$ 4,789
2025	4,790
2026	4,789
2027	1,197
Total	<u>15,565</u>

**F. County Clerk - Postage Machine**

On October 20, 2022, Hopkins County entered into a five year lease agreement as lessee for the acquisition and use of office equipment. Hopkins County paid \$1,572 in lease payments during the current fiscal year, which is quarterly payments of \$786. As of June 30, 2023, the lease value of the outstanding payments was:

Fiscal Year Ended June 30	Amount
2024	\$ 3,146
2025	3,145
2026	3,146
2027	3,145
2028	1,573
Total	<u>14,155</u>

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

**Note 5. Leases (Continued)**

**2. Lessee (Continued)**

**G. Sheriff's Office - Postage Machine**

On November 24, 2021, Hopkins County entered into a five year three month lease agreement as lessee for the acquisition and use of office equipment. Hopkins County paid \$1,920 in lease payments during the current fiscal year, which is monthly payments of \$160. As of June 30, 2023, the lease value of the outstanding payments was:

Fiscal Year Ended June 30	Amount
2024	\$ 1,920
2025	1,920
2026	1,920
2027	<u>1,920</u>
Total	<u><u>7,680</u></u>

**H. County Clerk - Copier**

On August 24, 2022, Hopkins County entered into a five year three month lease agreement as lessee for the acquisition and use of office equipment. Hopkins County paid \$1,164 in lease payments during the current fiscal year, which is monthly payments of \$129. As of June 30, 2023, the lease value of the outstanding payments was:

Fiscal Year Ended June 30	Amount
2024	\$ 1,422
2025	<u>517</u>
Total	<u><u>1,939</u></u>

**I. County Sanitation - Copier**

On October 15, 2019, Hopkins County entered into a four year lease agreement as lessee for the acquisition and use of office equipment. Hopkins County paid \$1,260 in lease payments during the current fiscal year, which is monthly payments of \$105. As of June 30, 2023, the lease value of the outstanding payments was:

Fiscal Year Ended June 30	Amount
2024	<u>\$ 315</u>
Total	<u><u>315</u></u>

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

**Note 5. Leases (Continued)**

**2. Lessee (Continued)**

**J. Sheriff's Office - Copier**

On April 29, 2020, Hopkins County entered into a three year lease agreement as lessee for the acquisition and use of office equipment. Hopkins County paid \$2,110 in lease payments during the current fiscal year. As of June 30, 2023, lease payments had been satisfied.

**K. Public Works - Copier**

On October 27, 2021, Hopkins County entered into a four year lease agreement as lessee for the acquisition and use of office equipment. Hopkins County will pay \$193 monthly in lease payments. As of June 30, 2023, the lease value of the outstanding payments was:

Fiscal Year Ended June 30	Amount
2024	\$ 2,315
2025	2,315
2026	<u>772</u>
Total	<u><u>5,402</u></u>

**L. County Judge Executive - Copier**

On August 24, 2022, Hopkins County entered into a three year lease agreement as lessee for the acquisition and use of office equipment. Hopkins County paid \$637 in lease payments during the current fiscal year, which is monthly payments of \$71. As of June 30, 2023, the lease value of the outstanding payments was:

Fiscal Year Ended June 30	Amount
2024	\$ 849
2025	849
2026	<u>212</u>
Total	<u><u>1,910</u></u>

**M. Jail - Copier**

On September 16, 2022, Hopkins County entered into a three year lease agreement as lessee for the acquisition and use of office equipment. Hopkins County paid \$1,410 in lease payments during the current fiscal year, which is monthly payments of \$235 monthly in lease payments. As of June 30, 2023, the lease value of the outstanding payments was:



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

**Note 5. Leases (Continued)**

**2. Lessee (Continued)**

**M. Jail - Copier (Continued)**

Fiscal Year Ended June 30	Amount
2024	\$ 2,820
2025	2,820
2026	<u>705</u>
Total	<u><u>6,345</u></u>

**N. Judge Executive - Copier**

On September 6, 2018, Hopkins County entered into a four year lease agreement as lessee for the acquisition and use of office equipment. Hopkins County paid \$429 in lease payments during the current fiscal year. As of June 30, 2023, lease payments had been satisfied.

**O. County Clerk - Postage Machine**

On July 10, 2017, Hopkins County entered into a five year lease agreement as lessee for the acquisition and use of office equipment. Hopkins County paid \$1,592 in lease payments during the current fiscal year. As of June 30, 2023, lease payments had been satisfied.

**P. County Clerk - Copier**

On June 27, 2019, Hopkins County entered into a three year three month lease agreement as lessee for the acquisition and use of office equipment. Hopkins County paid \$195 in lease payments during the current fiscal year. As of June 30, 2023, lease payments had been satisfied.

**Q. County Clerk - Copier**

On June 27, 2019, Hopkins County entered into a three year three month lease agreement as lessee for the acquisition and use of office equipment. Hopkins County paid \$278 in lease payments during the current fiscal year. As of June 30, 2023, lease payments had been satisfied.

**R. County Clerk - Credit Card Machine**

On January 16, 2019, Hopkins County entered into a one year lease agreement as lessee for the acquisition and use of office equipment. The lease will automatically renew each year. Hopkins County paid \$22,800 in lease payments during the current fiscal year. As of June 30, 2023, lease payments had been satisfied.

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

**Note 5. Leases (Continued)**

**2. Lessee (Continued)**

**S. Happy Lane Convenience Center**

On October 25, 2021, Hopkins County entered into a five year lease agreement as lessee for the use of premises for construction and maintenance of garbage collection convenience center for the citizens of Hopkins County. The lease has an option to renew for periods of five years for a total not to exceed 20 years overall. Hopkins County paid \$49,473 in lease payments during the current fiscal year, which is the monthly payment of \$4,123. As of June 30, 2023, the lease value of the outstanding payments was:

Fiscal Year Ended June 30	Amount
2024	\$ 49,473
2025	49,473
2026	49,473
2027	<u>16,491</u>
Total	<u><u>164,910</u></u>

**T. Parking Lot**

On October 15, 2003, Hopkins County entered into a three year lease agreement as lessee for the acquisition and use of parking spaces. This lease was renewed October 15, 2021. Hopkins County paid \$4,446 in lease payments during the current fiscal year, which is monthly payments of \$371 monthly in lease payments. As of June 30, 2023, the lease value of the outstanding payments was:

Fiscal Year Ended June 30	Amount
2024	\$ 4,446
2025	<u>1,482</u>
Total	<u><u>5,928</u></u>

**U. County Clerk - Copier**

On January 19, 2021, Hopkins County entered into a one year lease agreement as lessee for the acquisition and use of office equipment. The lease will automatically renew each year. Hopkins County paid \$1,174 in lease payments during the current fiscal year. As of June 30, 2023, lease payments had been satisfied.

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

**Note 5. Leases (Continued)**

**2. Lessee (Continued)**

**V. Kentucky Authority for Educational Television (KET) Tower**

On May 4, 2021, Hopkins County entered into a five year lease agreement as lessee for the acquisition and use of communication equipment. Hopkins County paid \$451 in lease payments during the current fiscal year. As of June 30, 2023, the lease value of the outstanding payments was:

Fiscal Year Ended June 30	Amount
2024	\$ 4,801
2025	5,251
2026	5,252
2027	5,252
2028	<u>5,252</u>
Total	<u><u>25,808</u></u>

**Note 6. Long-term Debt**

**A. Direct Borrowings and Direct Placements**

**1. Jail HVAC System**

On November 18, 2014, the fiscal court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust Program as Administrator and PNC Equipment Finance, LLC as Lessor in the sum of \$495,000 at a 3.20 percent effective interest rate. The financing obligation was acquisition, installation, and equipping of an HVAC system. The HVAC system is being used as collateral for this agreement. In the event of default, the Kentucky Association of Counties Leasing Trust Program may terminate the lease and take possession of the project within 60 days. The maturity date of the obligation is June 20, 2025. The balance of the financing obligation at June 30, 2023, was \$109,523. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 54,105	\$ 2,715
2025	<u>55,418</u>	<u>964</u>
Totals	<u><u>\$ 109,523</u></u>	<u><u>\$ 3,679</u></u>

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

**Note 6. Long-term Debt (Continued)**

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

**2. Mortgage Revenue Refunding Bonds (Judicial Center Project), Series 2017**

On July 27, 2017, the Hopkins County, Kentucky Public Properties Corporation issued \$5,928,288 of Mortgage Revenue Refunding Bonds (Judicial Center Project), Series 2017, for the purpose of (i) refunding and refinancing the outstanding Hopkins County Public Properties Corporation First Mortgage Revenue Bonds (Judicial Center Project), Series, 2010 maturing on and after June 1, 2023 and (ii) paying the costs of issuance on the bonds. In event of default, (i) the lien may be enforced, (ii) the mortgage may be foreclosed, and/or (iii) the project may be operated by the purchaser or place in receivership and/or sold at foreclosure sale. The bonds will mature on June 1, 2027. The bonds have an interest rate of 2.25% annum and interest is payable each June 1 and December 1. As of June 30, 2023, the bonds outstanding were \$5,729,977. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 1,385,387	\$ 128,924
2025	1,415,884	97,753
2026	1,448,804	65,896
2027	<u>1,479,902</u>	<u>33,298</u>
Totals	<u>\$ 5,729,977</u>	<u>\$ 325,871</u>

**3. Series 2022 General Obligation Bonds (Tornado Damage FEMA Project)**

On April 26, 2022, the fiscal court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust Program as Administrator and US Bank National Association as Lessor in the sum of \$6,250,000 at a 2.25 percent effective interest rate. The lease was to finance emergency costs related to maintaining the public health and safety of the citizens of the county related to tornado damage incurred within the boundaries of the county. The county covenants to levy, collect, and segregate tax to the extent general funds are insufficient to meet the annual debt service requirements of the bonds.

In the event of default, the Kentucky Association of Counties Leasing Trust Program may enforce the obligations of the defaulting party under the agreement. The maturity date of the obligation is March 20, 2024. The balance of the financing obligation at June 30, 2023, was \$6,250,000. Annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 6,250,000	\$ 93,750
Totals	<u>\$ 6,250,000</u>	<u>\$ 93,750</u>

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

**Note 6. Long-term Debt (Continued)**

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

**4. First United Bank and Trust Company (Sports Plex Lease)**

On May 4, 2022, the fiscal court entered into a lease agreement with the First United Bank Trust Company as lessor in an amount not to exceed \$5,500,000 at a 2.99 percent effective interest rate. The lease was to finance a portion of the cost of the Mid-Town Boulevard Sport Complex, to be owned by the county and the City of Madisonville and to be used for a public purpose. In the event of default, there shall be levied on all taxable property within the county, in addition to all other taxes, without limitation as to rate, a direct tax annually in an amount sufficient to pay the lease rental payments or current annual debt service requirements due under the lease. The termination date of the lease is May 4, 2034. As of June 30, 2023, no draws had been made on this lease.

**B. Other Debt**

**1. First Mortgage Revenue Bonds (Judicial Center Project), Series 2010**

On June 1, 2010, the Hopkins County Public Properties Corporation issued \$19,410,000 of First Mortgage Revenue Bonds (Judicial Center Project), Series 2010, for the purpose of acquiring, constructing, and equipping a new Judicial Center. On July 27, 2017, Mortgage Revenue Refunding Bonds, Series 2017 was issued to defease a portion of the bonds. The judicial center is being used as collateral for this project. The bonds will mature on June 1, 2023. Interest is payable each June and December 1. As of June 30, 2023, all debt payments had been satisfied.

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

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

	(*Restated) Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements*	\$ 12,216,479	\$	\$ 126,979	\$12,089,500	\$ 7,689,492
Revenue Bonds	1,260,000		1,260,000		
<b>Total Long-term Debt</b>	<b>\$ 13,476,479</b>	<b>\$ 0</b>	<b>\$ 1,386,979</b>	<b>\$12,089,500</b>	<b>\$ 7,689,492</b>

\* The beginning balance was restated by \$6,741 due to removing leased vehicles that were paid off in prior year but were not reduced on the prior year schedule.

**D. Aggregate Debt Schedule**

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

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

**Note 6. Long-term Debt (Continued)**

**D. Aggregate Debt Schedule (Continued)**

Fiscal Year Ended June 30	Direct Borrowings and Direct Placements	
	Principal	Interest
2024	\$ 7,689,492	\$ 225,389
2025	1,471,302	98,717
2026	1,448,804	65,896
2027	1,479,902	33,298
Totals	<u>\$ 12,089,500</u>	<u>\$ 423,300</u>

**Note 7. Commitment Debt**

As of June 30, 2023, the following includes the Hopkins County Fiscal Court's commitment debt balances.

**A. Ambulance Service Contract**

The Medical Center Ambulance Service, Inc. (MCAS) operates under a lease with Hopkins County. The term of the lease is for one year, the lease is automatically renewed on a year-to-year basis unless terminated by one of the parties. Under the terms of the lease for the first year, the county is required to furnish the necessary number of ambulances required for the operation of the ambulance service and is to reimburse MCAS for the support of the county. MCAS has agreed to provide suitable and necessary ambulance service on a 24-hour basis to the residents of Hopkins County and to other persons requiring such service while in Hopkins County. On January 1, 2012, the Hopkins County Fiscal Court entered into a lease and contract with MCAS. The county agreed to furnish to MCAS, or the sum of one dollar per year, the existing inventory of fully serviceable ambulances. The term of the lease is for a period of four years unless sooner cancelled or terminated as provided in the lease.

This lease shall be automatically extended for the like periods of one year each, unless either party gives the other party 30 days written notice prior to the expiration of the current term.

MCAS agreed to supply suitable and necessary ambulance service to the residents of Dawson Springs, Kentucky, as its Dawson Springs location and the remainder of Hopkins County, Kentucky through its Madisonville, Kentucky location. The county agreed to provide financial support as budgeted by the Hopkins County Fiscal Court, which budget shall be no less than current amount of \$150,000 annually, which shall be paid to MCAS in cash payments, not less frequently than three payments per year of \$50,000.

**B. Hopkins County Regional Landfill**

The Hopkins County Regional Landfill entered into an agreement with Hopkins County on October 31, 2011. Under the terms of the agreement, Hopkins County Regional Landfill is to provide waste management services for the county and citizens of Hopkins County, Kentucky. The Hopkins County Regional Landfill has also agreed to pay licensing fees to the county as mandated in Ordinance 2006 – 10. As of June 30, 2023, both parties were in compliance with this agreement.

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

**Note 7. Commitment Debt (Continued)**

C. South Main Sewer Project – Interlocal Cooperation Agreement

On December 23, 2009, Hopkins County entered in an interlocal cooperation agreement with the City of Madisonville for the construction, maintenance, and operation of the South Main Sewer Project. The city has secured financing for this project from the Kentucky Infrastructure Authority in the form of an American Recovery and Reinvestment Act (ARRA) loan in the amount of \$3,800,000 bearing interest at the rate of 2 percent per annum to be repaid over a term of 20 years. The county has agreed to provide financial assistance to the city to help pay a portion of the debt service incurred by the city. The county has agreed to pay the city the sum of \$110,000 per year for a period of 20 years payable in equal; semi-annual installments of \$55,000 on or before June 1 and December 1 of each year beginning May 15, 2010.

**Note 8. Employee Retirement System**

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (Ky. Ret. Sys.). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Effective April 1, 2021, the Kentucky Public Pension Authority (KPPA) was created by KRS 61.505 to provide staffing and daily administrative needs for CERS and Ky. Ret. Sys. The CERS nine (9) member board of trustees is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2021 was \$1,758,901, FY 2022 was \$1,986,538, and FY 2023 was \$2,161,545.

Nonhazardous

Nonhazardous covered employees are required to contribute five percent (5%) of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute six percent (6%) of their salary to be allocated as follows: five percent (5%) will go to the member's account and one percent (1%) 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 five percent (5%) of their annual creditable compensation. Nonhazardous members also contribute one percent (1%) 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 four percent (4%) 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.

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

**Note 8. Employee Retirement System (Continued)**

Hazardous

Hazardous covered employees are required to contribute eight percent (8%) of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute nine percent (9%) of their salary to be allocated as follows: eight percent (8%) will go to the member's account and one percent (1%) 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 eight percent (8%) of their annual creditable compensation and also contribute one percent (1%) 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.

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:

<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.



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

**Note 8. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

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.

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.

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

**Note 8. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB) (Continued)

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.

G. 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 9. Deferred Compensation**

The Hopkins 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.

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

**Note 10. Health Reimbursement Account/Flexible Spending Account**

The Hopkins County Fiscal Court established a flexible spending account on to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides a debit card to each eligible employee to pay for qualified medical expenses. Employees may also contribute additional pre-tax funds through payroll deduction. The balance of the plan is \$28,105.

**Note 11. Insurance**

For the fiscal year ended June 30, 2023, the Hopkins 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. Note Receivable**

On January 7, 2014, the Hopkins County Fiscal Court loaned \$500,000 to the Hopkins County – Madisonville Public Library for the purpose of making improvements to real estate. Terms of the agreement stipulate a 20 year repayment schedule at 1.175 percent interest. Records indicate Hopkins County – Madisonville Public Library is in substantial compliance with this agreement. As of June 30, 2023, the principal amount owed by the library was \$300,000.

**Note 13. Prior Period Adjustment**

	<u>Public Properties Corporation Fund</u>
Ending Cash Balance - Prior Year	\$ 155,043
Adjustments:	
Priory Year Error	<u>(69)</u>
Restated Beginning Balance	<u><u>\$154,974</u></u>

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

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

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

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

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 10,742,200	\$ 10,742,200	\$ 12,347,215	\$ 1,605,015
Licenses and Permits	86,000	86,000	113,185	27,185
Intergovernmental	8,612,262	8,612,262	11,310,051	2,697,789
Charges for Services	100	100	20	(80)
Miscellaneous	220,375	220,375	418,070	197,695
Interest	27,000	27,000	523,730	496,730
Total Receipts	<u>19,687,937</u>	<u>19,687,937</u>	<u>24,712,271</u>	<u>5,024,334</u>
<b>DISBURSEMENTS</b>				
General Government	6,746,395	6,746,395	6,838,288	(91,893)
Protection to Persons and Property	917,700	917,700	493,749	423,951
General Health and Sanitation	900	900	900	
Debt Service	6,000,326	6,000,326		6,000,326
Capital Projects	20,000	20,000	14,892	5,108
Administration	7,698,336	7,698,336	4,936,051	2,762,285
Total Disbursements	<u>21,383,657</u>	<u>21,383,657</u>	<u>12,283,880</u>	<u>9,099,777</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,695,720)</u>	<u>(1,695,720)</u>	<u>12,428,391</u>	<u>14,124,111</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	<u>(11,254,280)</u>	<u>(11,254,280)</u>	<u>(3,440,000)</u>	<u>7,814,280</u>
Total Other Adjustments to Cash (Uses)	<u>(11,254,280)</u>	<u>(11,254,280)</u>	<u>(3,440,000)</u>	<u>7,814,280</u>
Net Change in Fund Balance	(12,950,000)	(12,950,000)	8,988,391	21,938,391
Fund Balance - Beginning	12,950,000	12,950,000	10,501,570	(2,448,430)
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 19,489,961</u>	<u>\$ 19,489,961</u>

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

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,961,638	\$ 1,961,638	\$ 3,124,424	\$ 1,162,786
Miscellaneous	800	800		(800)
Interest	1,500	1,500	28,250	26,750
Total Receipts	<u>1,963,938</u>	<u>1,963,938</u>	<u>3,152,674</u>	<u>1,188,736</u>
<b>DISBURSEMENTS</b>				
Roads	3,050,862	3,050,862	2,946,837	104,025
Debt Service	200	200		200
Capital Projects	2,330,000	2,330,000	1,389,815	940,185
Administration	1,182,264	1,182,264	626,287	555,977
Total Disbursements	<u>6,563,326</u>	<u>6,563,326</u>	<u>4,962,939</u>	<u>1,600,387</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(4,599,388)</u>	<u>(4,599,388)</u>	<u>(1,810,265)</u>	<u>2,789,123</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>4,199,388</u>	<u>4,199,388</u>	<u>1,900,000</u>	<u>(2,299,388)</u>
Total Other Adjustments to Cash (Uses)	<u>4,199,388</u>	<u>4,199,388</u>	<u>1,900,000</u>	<u>(2,299,388)</u>
Net Change in Fund Balance	(400,000)	(400,000)	89,735	489,735
Fund Balance - Beginning	<u>400,000</u>	<u>400,000</u>	<u>424,014</u>	<u>24,014</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 513,749</u>	<u>\$ 513,749</u>



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

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 3,603,600	\$ 3,603,600	\$ 3,844,713	\$ 241,113
Charges for Services	187,100	187,100	292,803	105,703
Miscellaneous	175,800	175,800	199,427	23,627
Interest	1,000	1,000	13,655	12,655
Total Receipts	<u>3,967,500</u>	<u>3,967,500</u>	<u>4,350,598</u>	<u>383,098</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	4,937,235	4,937,235	4,429,067	508,168
Debt Service	57,249	57,249	62,036	(4,787)
Administration	1,789,683	1,789,683	1,165,404	624,279
Total Disbursements	<u>6,784,167</u>	<u>6,784,167</u>	<u>5,656,507</u>	<u>1,127,660</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,816,667)</u>	<u>(2,816,667)</u>	<u>(1,305,909)</u>	<u>1,510,758</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>2,216,667</u>	<u>2,216,667</u>	<u>1,350,000</u>	<u>(866,667)</u>
Total Other Adjustments to Cash (Uses)	<u>2,216,667</u>	<u>2,216,667</u>	<u>1,350,000</u>	<u>(866,667)</u>
Net Change in Fund Balance	(600,000)	(600,000)	44,091	644,091
Fund Balance - Beginning	<u>600,000</u>	<u>600,000</u>	<u>629,828</u>	<u>29,828</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 673,919</u>	<u>\$ 673,919</u>

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

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Licenses and Permits	\$ 10,000	\$ 10,000	\$ 1,100	\$ (8,900)
Intergovernmental	4,021,317	4,021,317	2,688,854	(1,332,463)
Charges for Services	390,500	390,500	562,165	171,665
Miscellaneous	91,600	91,600	397,459	305,859
Interest	1,000	1,000	54,140	53,140
Total Receipts	<u>4,514,417</u>	<u>4,514,417</u>	<u>3,703,718</u>	<u>(810,699)</u>
<b>DISBURSEMENTS</b>				
General Government	2,157,100	2,157,100	206,000	1,951,100
Protection to Persons and Property	275,000	275,000	275,000	
General Health and Sanitation	3,388,459	3,388,459	1,809,301	1,579,158
Social Services	159,000	159,000	124,490	34,510
Recreation and Culture	433,600	433,600	385,015	48,585
Capital Projects	2,775,000	2,775,000	1,033,305	1,741,695
Administration	764,483	764,483	354,470	410,013
Total Disbursements	<u>9,952,642</u>	<u>9,952,642</u>	<u>4,187,581</u>	<u>5,765,061</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(5,438,225)</u>	<u>(5,438,225)</u>	<u>(483,863)</u>	<u>4,954,362</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	4,838,225	4,838,225		(4,838,225)
Total Other Adjustments to Cash (Uses)	<u>4,838,225</u>	<u>4,838,225</u>		<u>(4,838,225)</u>
Net Change in Fund Balance	(600,000)	(600,000)	(483,863)	116,137
Fund Balance - Beginning	600,000	600,000	1,539,164	939,164
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,055,301</u>	<u>\$ 1,055,301</u>

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

	<b>COVID RELIEF FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Interest	\$	\$	\$ 292,397	\$ 292,397
Total Receipts			292,397	292,397
<b>DISBURSEMENTS</b>				
Social Services		8,548,964	1,250,684	7,298,280
Total Disbursements		8,548,964	1,250,684	7,298,280
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(8,548,964)	(958,287)	7,590,677
Net Change in Fund Balance		(8,548,964)	(958,287)	7,590,677
Fund Balance - Beginning		8,548,964	8,357,974	(190,990)
Fund Balance - Ending	\$	0	\$ 7,399,687	\$ 7,399,687

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

	<b>STATE AID FUNDING FOR EMERGENCIES FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Miscellaneous	\$	\$	\$ 655,848	\$ 655,848
Interest			344,478	344,478
Total Receipts			<u>1,000,326</u>	<u>1,000,326</u>
<b>DISBURSEMENTS</b>				
Administration	8,537,593	8,537,593	655,847	7,881,746
Total Disbursements	<u>8,537,593</u>	<u>8,537,593</u>	<u>655,847</u>	<u>7,881,746</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(8,537,593)</u>	<u>(8,537,593)</u>	<u>344,479</u>	<u>8,882,072</u>
Net Change in Fund Balance	(8,537,593)	(8,537,593)	344,479	8,882,072
Fund Balance - Beginning	8,537,593	8,537,593	8,553,689	16,096
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,898,168</u>	<u>\$ 8,898,168</u>

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

<b>SPORTS PLEX FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 5,000,000	\$ 5,000,000	\$ 4,556,192	\$ (443,808)
Miscellaneous		600,000	600,000	
Interest			14,630	14,630
Total Receipts	<u>5,000,000</u>	<u>5,600,000</u>	<u>5,170,822</u>	<u>(429,178)</u>
<b>DISBURSEMENTS</b>				
Recreation and Culture	10,100,000	10,700,000	4,114,900	6,585,100
Debt Service	400,000	400,000		400,000
Administration	200,000	200,000		200,000
Total Disbursements	<u>10,700,000</u>	<u>11,300,000</u>	<u>4,114,900</u>	<u>7,185,100</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(5,700,000)</u>	<u>(5,700,000)</u>	<u>1,055,922</u>	<u>6,755,922</u>
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds	5,500,000	5,500,000		(5,500,000)
Transfers From Other Funds			190,000	190,000
Total Other Adjustments to Cash (Uses)	<u>5,500,000</u>	<u>5,500,000</u>	<u>190,000</u>	<u>(5,310,000)</u>
Net Change in Fund Balance	(200,000)	(200,000)	1,245,922	1,445,922
Fund Balance - Beginning	<u>200,000</u>	<u>200,000</u>	<u>53,149</u>	<u>(146,851)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,299,071</u>	<u>\$ 1,299,071</u>

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

**LOCAL GOVERNMENT ECONOMIC DEVELOPMENT FUND**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,010,000	\$ 1,010,000	\$ 20,090	\$ (989,910)
Total Receipts	1,010,000	1,010,000	20,090	(989,910)
<b>DISBURSEMENTS</b>				
General Government	1,010,000	1,010,000	30,090	979,910
Total Disbursements	1,010,000	1,010,000	30,090	979,910
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			(10,000)	(10,000)
Net Change in Fund Balance			(10,000)	(10,000)
Fund Balance - Beginning			10,000	10,000
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

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

	<b>CONTINGENCY FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 28,525	\$ 28,525	\$ 28,525	\$
Interest	10,000	10,000	112,693	102,693
Total Receipts	<u>38,525</u>	<u>38,525</u>	<u>141,218</u>	<u>102,693</u>
<b>DISBURSEMENTS</b>				
Administration	356,612	356,612		356,612
Total Disbursements	<u>356,612</u>	<u>356,612</u>		<u>356,612</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(318,087)</u>	<u>(318,087)</u>	<u>141,218</u>	<u>459,305</u>
Net Change in Fund Balance	(318,087)	(318,087)	141,218	459,305
Fund Balance - Beginning	<u>318,087</u>	<u>318,087</u>	<u>3,185,426</u>	<u>2,867,339</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,326,644</u>	<u>\$ 3,326,644</u>

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

**CLERK RECORD STORAGE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$ 80,000	\$ 80,000	\$ 109,424	\$ 29,424
Interest			2,740	2,740
Total Receipts	<u>80,000</u>	<u>80,000</u>	<u>112,164</u>	<u>32,164</u>
<b>DISBURSEMENTS</b>				
General Government	<u>80,000</u>	<u>80,000</u>	<u>14,300</u>	<u>65,700</u>
Total Disbursements	<u>80,000</u>	<u>80,000</u>	<u>14,300</u>	<u>65,700</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>97,864</u>	<u>97,864</u>
Net Change in Fund Balance			97,864	97,864
Fund Balance - Beginning				
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 97,864</u>	<u>\$ 97,864</u>



**HOPKINS 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.

**Note 2. Excess of Disbursements Over Appropriations**

The general fund, general government line item exceeded budgeted appropriations by \$91,893. The jail fund, debt service line item exceeded budgeted appropriations by \$4,787.

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**HOPKINS COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

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**HOPKINS 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
<b><u>U. S. Department of Treasury</u></b>				
<i>Direct Program</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ _____	\$ 1,250,684
<b>Total U.S. Department of Treasury</b>			_____	1,250,684
<b><u>U. S. Department of Homeland Security</u></b>				
<i>Passed-Through Kentucky Department of Emergency Management</i>				
Emergency Management Performance Grant	97.042	2200000589	\$ _____	\$ 27,300
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	2200002042	_____	3,558,269
<b>Total U.S. Department of Homeland Security</b>			_____	3,585,569
<b><u>U. S. Department of Housing and Urban Development</u></b>				
<i>Passed-Through Kentucky Department for Local Government</i>				
Community Development Block Grants/State's Program	14.228	20C-032	\$ _____	\$ 30,000
<b>Total U.S. Department of Housing and Urban Development</b>			_____	30,000
Total Expenditures of Federal Awards			\$ 0	\$ 4,866,253

The accompanying notes are an integral part of this schedule.

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

Hopkins 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.

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

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

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**HOPKINS 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:

	(*Restated) Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 3,379,052	\$ 1,353,377	\$	\$ 4,732,429
Construction In Progress*	450,985	4,114,900		4,565,885
Buildings and Building Improvements*	37,712,657		25,000	37,687,657
Machinery and Equipment	7,104,974	427,361		7,532,335
Vehicles	3,808,397	485,734	143,692	4,150,439
Jail Commissary*	570,904			570,904
Infrastructure	17,520,506	2,102,320		19,622,826
<b>Total Capital Assets</b>	<b>\$ 70,547,475</b>	<b>\$ 8,483,692</b>	<b>\$ 168,692</b>	<b>\$ 78,862,475</b>

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

**June 30, 2023**

**Note 1. Capital Assets**

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

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Furniture and Fixtures	\$ 20,000	5-25
Machinery and Equipment	\$ 20,000	5-25
Vehicles	\$ 20,000	3
Infrastructure	\$ 20,000	10-50

**Note 2. Restatement of Capital Assets Beginning Balance**

The Hopkins County Fiscal Court's Capital Asset Schedule's beginning balance differs from the prior year audited Capital Asset Schedule's ending balance due to rounding errors. The following illustrates the difference between the two schedules:

	<u>Prior Year Audited Ending Balance</u>	<u>Difference</u>	<u>Current Year Beginning Balance</u>
Land and Land Improvements	\$ 3,379,052	\$	\$ 3,379,052
Construction In Progress	450,982	3	450,985
Buildings and Building Improvements	37,712,658	(1)	37,712,657
Machinery and Equipment	7,104,973	1	7,104,974
Vehicles	3,808,397		3,808,397
Jail Commissary	570,905	(1)	570,904
Infrastructure	17,520,506		17,520,506
<b>Total Capital Assets</b>	<b><u>\$ 70,547,473</u></b>	<b><u>\$ 2</u></b>	<b><u>\$ 70,547,475</u></b>

**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 Jack Whitfield, Jr., Hopkins County Judge/Executive  
Members of the Hopkins 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 Hopkins County Fiscal Court for the fiscal year ended June 30, 2023, and the related notes to the financial statement which collectively comprise the Hopkins County Fiscal Court's financial statement and have issued our report thereon dated March 18, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002 to be material weaknesses.



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 Internal Control Over Financial Reporting (Continued)**

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2023-003, 2023-004, 2023-005, and 2023-006 to be significant deficiencies.

**Report on Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Hopkins 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002.

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

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

**Purpose of this Report**

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

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

March 18, 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 Jack Whitfield, Jr., Hopkins County Judge/Executive  
Members of the Hopkins County Fiscal Court

**Report on Compliance for Each Major Federal Program**

*Opinion on Each Major Federal Program*

We have audited the Hopkins 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 Hopkins County Fiscal Court's major federal programs for the year ended June 30, 2023. The Hopkins 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, the Hopkins 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 the Hopkins 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 Hopkins 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 the Hopkins 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 Hopkins 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 Hopkins 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 Hopkins 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 Hopkins 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 Hopkins 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

March 18, 2024

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

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

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

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

**Section I: Summary of Auditor’s Results**

***Financial Statement***

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

Internal control over financial reporting:

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

***Federal Awards***

Internal control over major programs:

Are any material weaknesses identified?	<input 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>
97.036	Disaster Grant – Public Assistance (Presidentially Declared Disasters)
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

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

**Section II: Financial Statement Findings**

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

---

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

- Of the eighty-nine (89) invoices tested, seven (7) invoices totaling \$1,525,942 were not paid within 30 working days of receipt.
- Of the eighty-nine (89) invoices tested, twenty-three (23) invoices totaling \$3,118,528 did not have purchase orders issued, while two (2) invoices totaling \$226,405 had purchase orders dated after the invoice date.
- Of the eleven (11) credit card statements tested, \$1,736 in late fees and finance charges were paid, seven (7) instances of missing invoices totaling \$1,276 were noted, and six (6) invoices totaling \$659 were not paid within 30 working days of receipt.

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

Good internal controls dictate that controls over all disbursements be maintained to ensure that taxpayer funds are used appropriately. In addition, KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The uniform system of accounts is set forth in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual* which requires a purchase order system for all counties and each county is responsible for ensuring their purchase order system is executed and working properly.

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

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

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



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

**Section II: Financial Statement Findings (Continued)**

2023-001 The Hopkins County Fiscal Court Had Inadequate Controls Over Disbursements Resulting In Noncompliance (Continued)

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Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: The judge executive admin is printing the charges of the [credit card named redacted] card for each court meeting and turns over the charges to the appropriate department to ensure they will be paid at each semimonthly court meeting. The sheriff's office head bookkeeper will pay all the charges rather than waiting for a credit for returns. This will avoid late charges and finance charges. It will be suggested to the sheriff's office that they do the same as the judge executive's admin.*

2023-002 The Hopkins County Jail Commissary Report Was Materially Misstated

---

The Hopkins County Jail Commissary Report misstated both jail commissary receipts and disbursements by \$1,646,861. Commissions earned on commissary sales were netted against the commissary item costs, resulting in both commissions receipts and commissary costs each being understated by \$279,065. Also, the jailer provided a commissary report that combined the inmate money activity with the activity of the jail commissary fund. Jail commissary activity was not reconciled separately from the inmate money activity. When jail staff were asked to separate the activity of the inmates' money from the commissary fund, they were unable to determine which receipts and disbursements belonged to the inmate money activity. During testing, we found that \$1,367,796 of inmate money activity was included in the report as jail commissary activity. Inmate money is held on behalf of the inmates and is considered fiduciary activity. The fiduciary activity had to be eliminated from the commissary fund financial information.

The jail maintains one bank account which contains the commissary funds, as well as the inmates' personal monies. According to the bookkeeper, she was unaware of the need for inmate trust activity to be reported separately from their commissary fund activity. In addition, she was also unaware that the full amount of commission receipts needed to be shown and accounted for in the ledgers and on the financial statement. Commissions had been treated as a credit by their commissary provider on their monthly commissary invoices, therefore commission receipts and commissary costs were not recorded in full. As a result, the jail commissary report was materially misstated. Jail commissary activity was overstated, and inmate activity was not properly accounted for separately as required by GASB 84.

Strong internal controls dictate that all receipts and disbursements are accounted for properly. In addition, inmate money is held on behalf of the inmates and acts as a trust, which is a fiduciary activity. GASB 84 states, "Governments should report fiduciary activities in the fiduciary fund financial statements of the basic financial statements."

We recommend the Hopkins County Jail maintain and record all activity of the inmate trust account separately from the commissary funds. We recommend that the jail open a separate account for inmate funds if the activity cannot be separated while held in one bank account. We also recommend that all commissions received, and commissary costs paid be properly recorded in the jail commissary receipts and disbursements ledgers. Inmate trust activity should reflect all monies received for and disbursements made from inmate funds.

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

**Section II: Financial Statement Findings (Continued)**

2023-002 The Hopkins County Jail Commissary Report Was Materially Misstated (Continued)

Views of Responsible Official and Planned Corrective Action:

*Jailer's Response: Since beginning the commissary contract with Care A Cell in 2017, the commissary company has netted the commission received on the monthly commissary bill as a credit. However, this has never been logged as income due to it being a credit on the monthly bill. Moving forward, I, bookkeeper [name redacted], will log the commissary commission that is netted as credit on the monthly bill as income on the Jail Management System, monthly.*

2023-003 The Hopkins County Fiscal Court Does Not Have Adequate Controls Over Payroll Processing

The Hopkins County Fiscal Court failed to implement adequate internal controls over payroll processing and timekeeping processes. The following findings were noted during testing of Hopkins County Fiscal Court's payroll:

- Three (3) employees' timesheets documented hours worked in excess of 40 hours in a work week. The employees were not compensated at time and a half for hours worked over 40 hours per work week. There was no documentation of a determination for the employees being considered to have salary exempt status.
- The Hopkins County Fiscal Court has not adopted a compensatory time policy, nor does the Hopkins County Personnel Policy include guidance about compensatory time earned.
- Compensatory time balance reports were not maintained for Judge's office employees including the treasurer's office and occupational tax office.

Per the county treasurer and human resource coordinator, the judge's office employees, including the treasurer's office and occupational tax office, earn compensatory time. Earned hours are lost if not used in the same pay period, therefore compensatory time balances are not maintained. They were also not aware that the County Personnel Policy had not been updated to address compensatory time. Regarding the four (4) employees who were tested and had documented overtime on their timesheets, the county feels these positions meet the exemptions for executive or administrative employees set forth by the U.S. Department of Labor Wage and Hour Division.

As a result, county employees are being considered salaried exempt but do not have documentation of determinations showing they meet the qualifications of an exempt salaried employee as an executive or administrative employee under the U.S Department of Labor Wage and Hour Division Fact Sheets #17B and #17C. Strong internal controls are also important in safeguarding the county's assets and those given the responsibility of accounting for them, as well as helping make certain the county is in compliance with Kentucky Revised Statutes.

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

**Section II: Financial Statement Findings (Continued)**

2023-003 The Hopkins County Fiscal Court Does Not Have Adequate Controls Over Payroll Processing  
(Continued)

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Strong internal controls over payroll are vital in ensuring that employees are being paid for actual hours worked. In addition, per U.S. Department of Labor Wage and Hour Division Fact Sheet #17B, to qualify for the executive employee exemption, all of the following tests must be met:

- The employee must be compensated on a salary basis (as defined in the regulations) at a rate not less than \$684 per week;
- The employee's primary duty must be managing the enterprise, or managing a customarily recognized department or subdivision of the enterprise;
- The employee must customarily and regularly direct the work of at least two or more other full-time employees or their equivalent; and
- The employee must have the authority to hire or fire other employees, or the employee's suggestions and recommendations as to the hiring, firing, advancement, promotion, or any other change of status of other employees must be given particular weight.

Per U.S. Department of Labor Wage and Hour Division Fact Sheet #17C, to qualify for the administrative employee exemption, all of the following tests must be met:

- The employee must be compensated on a salary or fee basis (as defined in the regulations) at a rate not less than \$684 per week;
- The employee's primary duty must be the performance of office or non-manual work directly related to the management or general business operations of the employer or the employer's customers; and
- The employee's primary duty includes the exercise of discretion and independent judgment with respect to matters of significance.

The Fair Labor Standards Act (FLSA) also requires that all covered, non-exempt employees be paid overtime pay at a rate of not less than one and one-half times an employee's regular rate of pay after 40 hours of work in one work week.

KRS 337.285(1) states, "[n]o employer shall employ any of his employees for a work week longer than forty (40) hours, unless such employee receives compensation for his employment in excess of forty (40) hours in a work week at a rate not less than one and one-half (1-1/2) times the hourly rate at which he is employed."

KRS 337.285(4) provides the following additional guidance, "[n]otwithstanding the provisions of subsection (1) of this section or any other chapter of the KRS to the contrary, upon written request by a county or city employee or a Trooper R Class or CVE R Class, made freely and without coercion, pressure, or suggestion by the employer, and upon a written agreement reached between the employer and the county or city employee or the Trooper R Class or CVE R Class before the performance of the work, a county or city employee or a Trooper R Class or CVE R Class who is authorized to work one (1) or more hours in excess of the prescribed hours per week may be granted compensatory leave on an hour-for-hour basis. Upon the written request by a county or city employee or a Trooper R Class or CVE R Class, made freely and without coercion, pressure, or suggestion by the employer, and upon a written agreement reached between the employer and the county or city employee or the Trooper R Class or CVE R Class, before the performance of the work, a county or city employee or a Trooper R Class or CVE R Class who is not exempt from the provisions of the Federal Fair Labor Standards Act of 1938, as amended, 29 U.S.C. secs. 201 et seq., may be granted compensatory time in lieu of overtime pay, at the rate of not less than one and one-half (1-1/2) hours for each hour the county or city employee or the Trooper R Class or CVE R Class is authorized to work in excess of forty (40) hours in a work week."

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

**Section II: Financial Statement Findings (Continued)**

2023-003 The Hopkins County Fiscal Court Does Not Have Adequate Controls Over Payroll Processing  
(Continued)

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We recommend that the county adopt a compensatory time policy that addresses the requirements of KRS 337.285 including the accumulation and usage of compensatory time. The county should also develop a system to maintain compensatory leave balance reports for all employees to ensure they are being paid for actual hours worked and to protect the county's assets. This system should incorporate the written agreements of employees to earn compensatory time in lieu of being paid overtime.

We also recommend the county contact the federal labor board and obtain a written ruling as to the actual status of these employees, and any other employees not tested, that are being treated in the same manner. This matter will be referred to the Kentucky Education and Labor Cabinet, Division of Wage and Hours.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: There will have to be an amendment to the personnel policy. The court will have to decide how they want this to be handled in the future.*

2023-004 Occupational/Net Profit Tax Receipts Were Not Processed or Deposited Timely

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This is a repeat finding and was included in the prior year audit report as finding 2022-003. Occupational/net profit tax receipts were not always processed and deposited timely. There appeared to be delays of up to three (3) weeks between the dates occupational/net profit taxes were received and when they were processed and deposited. Of the occupational/net profit tax receipts tested, \$823,113 of the \$1,107,820 were not processed or deposited timely. Additionally, one (1) business failed to file occupational taxes for the entirety of fiscal year 2023, and another business failed to file their quarterly occupational tax return for the quarter ending September 30, 2022. Furthermore, one (1) business failed to file their net profit return or an application for an extension.

According to county personnel, given the magnitude of the occupational/net profit tax receipts of Hopkins County, the tax administrator has trouble keeping up with the number of individual receipts. Because of the reasons stated above, occupational/net profit tax receipts were not always processed and deposited in a timely manner, leaving receipts vulnerable to misappropriation or loss, as well as not receiving all occupational/net profit tax receipts the fiscal court is entitled to receive.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires deposits be made intact daily into a federally insured banking institution. Additionally, good internal controls dictate that the occupational tax administrator should follow-up with businesses that are delinquent in filing their monthly or quarterly occupational tax returns, as well as their net profit returns.

We recommend the county treasurer and occupational tax administrator work together to develop a new system of handling occupational/net profit tax receipts that will help ensure such receipts are deposited in a timely manner and all businesses are filing their monthly or quarterly occupational tax returns, and if applicable, their net profit returns.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: There are now 2 full-time employees working on OT, BL and NP. This should allow checks to be processed and deposited in a timely manner.*

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

**Section II: Financial Statement Findings (Continued)**

2023-005 The Hopkins County Fiscal Court's Schedule Of Expenditures Of Federal Awards Was Misstated

This is a repeat finding and was included in the prior year audit report as finding 2022-001. The Hopkins County Fiscal Court's original schedule of expenditures of federal awards was misstated by \$588,352. The total misstatements are made up of the following errors in the following programs:

- Assistance Listing Number 14.228 - \$20,000 of expenditures during fiscal year 2023 were not included on the schedule of expenditures of federal awards.
- Assistance Listing Number 97.036 - \$568,352 of expenditures during fiscal year 2023 were not included on the schedule of expenditures of federal awards.

According to the county treasurer, there was confusion on what purchases were approved by FEMA and what would be documented on the schedule of expenditures of federal awards. There was also confusion with project report dates, as some project report costs were included in the prior year schedule by mistake. As a result of the errors made and lack of effective operating controls, the original schedule of federal expenditures was understated. Furthermore, the fiscal court is not in compliance with 2 CFR 200.510(b).

Strong internal controls over financial reporting are vital in ensuring that federal awards expended are accounted for and reported properly. Strong internal controls are also important in safeguarding the county's assets and those given the responsibility of accounting for them, as well as helping make certain the county is in compliance with all requirements and guidance. Additionally, 2 CFR 200.510(b) states, "[t]he auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended."

We recommend the Hopkins County Fiscal Court implement or strengthen controls over federal award expenditures reporting to ensure amounts reported represent true federal expenditures during the year.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: Judge Executive Admin was using the totals given to her for ER Assist. There will be less receipts in fiscal year 24 so admin will be able to have the right totals.*

2023-006 The Hopkins County Fiscal Court Failed To Include All Approved Budget Amendments On The Fourth Quarter Financial Statement

The Hopkins County's Fiscal Court's fourth quarter financial statement as of June 30, 2023, did not include all budget amendments approved by the fiscal court. While performing audit procedures, it was noted that the sports plex fund's \$600,000 budget amendment to increase expenditures had not been included on the fourth quarter financial report.

The budget amendment was prepared and approved in June 2023 but was overlooked when preparing the quarterly report. The fiscal court's review process was not sufficient to prevent the error. Due to this oversight the budgeted numbers on the county's fourth quarter financial report were not accurate for the 2023 fiscal year. This increased the risk of financial decisions being made based on incorrect information. Strong internal controls dictate that all approved budget amendments should be reported on the fourth quarter financial statement. Also, per the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual*, "all reports should be tested for accuracy before electronic submission to the state local finance officer."

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

**Section II: Financial Statement Findings (Continued)**

2023-006 The Hopkins County Fiscal Court Failed To Include All Approved Budget Amendments On The Fourth Quarter Financial Statement (Continued)

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We recommend the fiscal court strengthen internal controls over financial reporting to ensure that all approved budget amendments are accurately reported on the fourth quarter financial report.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: Treasurer was unclear how to add the budget amendment in the software to make it appear in the quarterly report. The treasurer has been shown how to enter it now. The treasurer has only done a total of 3 amendments and just couldn't figure out how to make it work in the software. The treasurer had been manually adding the amendment.*

**Section III: Federal Award Findings And Questioned Costs**

None.

**Section IV: Summary Schedule of Prior Audit Findings**

Finding Number	Prior Year Finding Title	Status	Corrective Action
2022-001	The Hopkins County Fiscal Court's Schedule Of Expenditures Of Federal Awards Was Misstated	Unresolved	FEMA projects were estimated as they had not been completed yet. Once the projects were balanced they had different totals.
2022-002	The Fourth Quarter Financial Statement Did Not Include All Amounts From The Original Budget	Partially Resolved PY issue was resolved, CY had a similar issue occur with a budget amendment.	It was projected that we would be making draws from our loan but we didn't so it wasn't reported on the 4th quarter financial.
2022-003	Occupational/Net Profit Tax Receipts Were Not Processed Or Deposited Timely	Unresolved	We were having staff change and understaffed. We are fully staffed now and making deposits in a timely fashion.

**CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS**

**HOPKINS COUNTY FISCAL COURT**

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

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CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS  
HOPKINS COUNTY FISCAL COURT

For The Year Ended June 30, 2023

The Hopkins County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance and Development Programs were expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

  
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County Judge/Executive

  
\_\_\_\_\_

County Treasurer