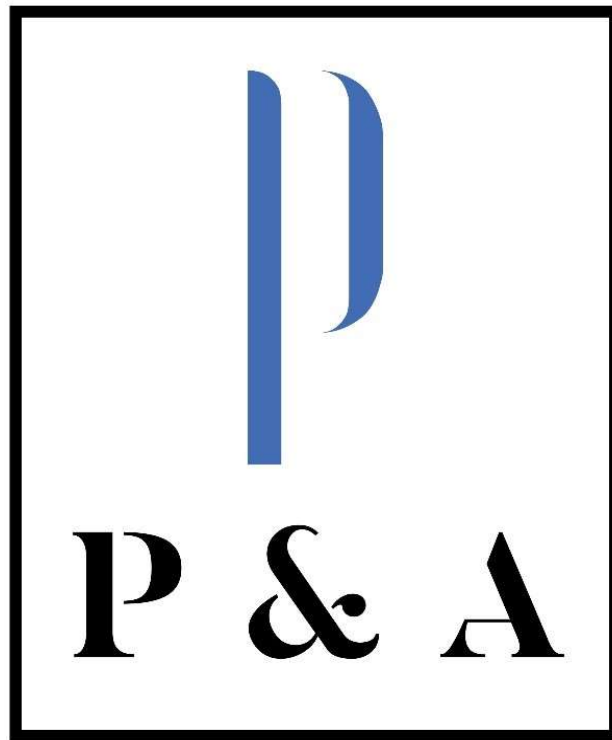


**REPORT OF THE AUDIT OF THE  
WEBSTER COUNTY  
FISCAL COURT**

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



**PATRICK & ASSOCIATES, LLC**

**124 Candlewood Drive  
Winchester, KY 40391**

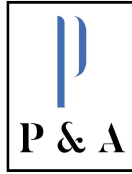


## CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT .....	1
WEBSTER COUNTY OFFICIALS .....	4
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS.....	6
NOTES TO FINANCIAL STATEMENT.....	10
BUDGETARY COMPARISON SCHEDULES.....	23
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES .....	32
SCHEDULE OF CAPITAL ASSETS.....	35
NOTES TO OTHER INFORMATION - REGULATORY BASIS SCHEDULE OF CAPITAL ASSETS.....	36
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.....	39
SCHEDULE OF FINDINGS AND RESPONSES .....	42
APPENDIX A: CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	

THIS PAGE LEFT BLANK INTENTIONALLY



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive  
Winchester, KY 40391

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Stephen R. Henry, Webster County Judge/Executive  
Members of the Webster County Fiscal Court

## Independent Auditor's Report

### Report on the Financial Statement

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

### Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Stephen R. Henry, Webster County Judge/Executive  
Members of the Webster 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 Webster County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Webster County Fiscal Court as of June 30, 2021, or changes in financial position or cash flows thereof for the year then ended.

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

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

### **Other Matters**

#### *Supplementary Information and Other Information*

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

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

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

To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
The Honorable Stephen R. Henry, Webster County Judge/Executive  
Members of the Webster County Fiscal Court

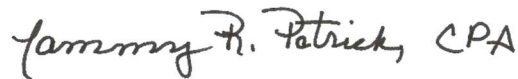
**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2023, on our consideration of the Webster 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 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 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 Webster County Fiscal Court's internal control over financial reporting and compliance.

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

2021-001 The Jail Lacks Adequate Segregation Of Duties Over The Jail Commissary And Inmate Accounts

Respectfully submitted,

A handwritten signature in black ink that reads "Tammy R. Patrick, CPA". The signature is written in a cursive, flowing style.

Tammy R. Patrick, CPA  
Patrick & Associates, LLC

February 3, 2023

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

Stephen R. Henry	County Judge/Executive
Tony Felker	Magistrate
Chad Townsend	Magistrate
Jerry Brown	Magistrate

**Other Elected Officials:**

Clint Prow	County Attorney
Greg Sauls (beginning July 15, 2021)	Jailer
Morgan McKinley (through July 14, 2021)	Jailer
Valerie Newell	County Clerk
Janet Cole	Circuit Court Clerk
Donald Jones (beginning December 22, 2020)	Sheriff
Frankie Springfield (through December 21, 2020)	Sheriff
Jeff Kelley	Property Valuation Administrator
Todd Vanover	Coroner

**Appointed Personnel:**

Tonia Duncan	County Treasurer
Leesa Russell	Chief Financial Officer



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

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

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

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

	<b>Budgeted Funds</b>		
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>
<b>RECEIPTS</b>			
Taxes	\$ 1,612,167	\$	\$
In Lieu Tax Payments	11,467		
Excess Fees	4,590		
Licenses and Permits	12,596		
Intergovernmental	1,983,614	1,351,912	2,018,068
Charges for Services			66,014
Miscellaneous	112,745	81,585	254,768
Interest	5,340	4,978	283
Total Receipts	<u>3,742,519</u>	<u>1,438,475</u>	<u>2,339,133</u>
<b>DISBURSEMENTS</b>			
General Government	2,225,884		
Protection to Persons and Property	589,768		1,636,800
General Health and Sanitation	27,942		
Social Services	12,360		
Recreation and Culture	1,200		
Roads		1,259,411	
Debt Service			342,208
Capital Projects	11,650		
Administration	303,065	233,699	449,029
Total Disbursements	<u>3,171,869</u>	<u>1,493,110</u>	<u>2,428,037</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>570,650</u>	<u>(54,635)</u>	<u>(88,904)</u>
<b>Other Adjustments to Cash (Uses)</b>			
Transfers From Other Funds			196,637
Transfers To Other Funds	(238,987)		
Total Other Adjustments to Cash (Uses)	<u>(238,987)</u>		<u>196,637</u>
Net Change in Fund Balance	331,663	(54,635)	107,733
Fund Balance - Beginning (Restated)	819,534	826,085	38,878
Fund Balance - Ending	<u>\$ 1,151,197</u>	<u>\$ 771,450</u>	<u>\$ 146,611</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 1,178,062	\$ 780,436	\$ 157,227
Less: Outstanding Checks	(26,865)	(8,986)	(10,616)
Fund Balance - Ending	<u>\$ 1,151,197</u>	<u>\$ 771,450</u>	<u>\$ 146,611</u>

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

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

Budgeted Funds					
Local Government Economic Assistance Fund	State Grants Fund	Federal Grants Fund	Sanitation Fund	Animal Shelter Fund	American Rescue Plan Act Fund
\$	\$	\$	\$	\$	\$
2,850					
229,913	32,732	244,521			1,256,916
227,661			172,913		
50,487					
1,264	97		56	85	
512,175	32,829	244,521	172,969	85	1,256,916
	96,328	244,521			
56,373	41,606				
439,914			190,797		
108,353					
606					
			16,263		
605,246	137,934	244,521	207,060		
(93,071)	(105,105)		(34,091)	85	1,256,916
	22,350		20,000		
	22,350		20,000		
(93,071)	(82,755)		(14,091)	85	1,256,916
572,244	96,449	20	23,573	34,180	
\$ 479,173	\$ 13,694	\$ 20	\$ 9,482	\$ 34,265	\$ 1,256,916
\$ 483,806	\$ 13,694	\$ 20	\$ 9,482	\$ 34,265	\$ 1,256,916
(4,633)					
\$ 479,173	\$ 13,694	\$ 20	\$ 9,482	\$ 34,265	\$ 1,256,916

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

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

	<b>Unbudgeted Funds</b>		
	<b>Public Properties Corporation Fund</b>	<b>Jail Commissary Fund</b>	<b>Total Funds</b>
<b>RECEIPTS</b>			
Taxes	\$	\$	\$ 1,612,167
In Lieu Tax Payments			11,467
Excess Fees			4,590
Licenses and Permits			15,446
Intergovernmental	207,505		7,325,181
Charges for Services			466,588
Miscellaneous		354,288	853,873
Interest	1	143	12,247
Total Receipts	<u>207,506</u>	<u>354,431</u>	<u>10,301,559</u>
<b>DISBURSEMENTS</b>			
General Government			2,566,733
Protection to Persons and Property			2,324,547
General Health and Sanitation			658,653
Social Services			120,713
Recreation and Culture		419,899	421,099
Roads			1,260,017
Debt Service	206,505		548,713
Capital Projects			11,650
Administration	1,000		1,003,056
Total Disbursements	<u>207,505</u>	<u>419,899</u>	<u>8,915,181</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>1</u>	<u>(65,468)</u>	<u>1,386,378</u>
<b>Other Adjustments to Cash (Uses)</b>			
Transfers From Other Funds			238,987
Transfers To Other Funds			(238,987)
Total Other Adjustments to Cash (Uses)			
Net Change in Fund Balance	1	(65,468)	1,386,378
Fund Balance - Beginning (Restated)	1,396	174,210	2,586,569
Fund Balance - Ending	<u>\$ 1,397</u>	<u>\$ 108,742</u>	<u>\$ 3,972,947</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 1,397	\$ 108,742	\$ 4,024,047
Less: Outstanding Checks			(51,100)
Ending Fund Balance	<u>\$ 1,397</u>	<u>\$ 108,742</u>	<u>\$ 3,972,947</u>

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

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENT**

NOTE 1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES .....	10
NOTE 2.	DEPOSITS .....	13
NOTE 3.	CUSTODIAL FUNDS .....	13
NOTE 4.	TRANSFERS.....	14
NOTE 5.	LONG-TERM DEBT .....	14
NOTE 6.	EMPLOYEE RETIREMENT SYSTEM .....	16
NOTE 7.	DEFERRED COMPENSATION.....	18
NOTE 8.	HEALTH INSURANCE REIMBURSEMENT ACCOUNT .....	19
NOTE 9.	INSURANCE.....	19
NOTE 10.	CONDUIT DEBT.....	19
NOTE 11.	COMMITMENT DEBT.....	19
NOTE 12.	TAX ABATEMENT .....	19
NOTE 13.	CONTINGENCIES .....	20
NOTE 14.	PRIOR PERIOD ADJUSTMENT .....	20

**WEBSTER COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2021**

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

**A. Reporting Entity**

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

**B. Basis of Accounting**

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

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

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

**C. Basis of Presentation**

**Budgeted Funds**

The fiscal court reports the following budgeted funds:

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

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

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

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

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

**C. Basis of Presentation (Continued)**

**Budgeted Funds (Continued)**

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

State Grants Fund - The primary purpose of this fund is to account for grants and related disbursements received from the state.

Federal Grants Fund - The primary purpose of this fund is to account for the federal receipts and disbursement related to federal grant disbursements.

Sanitation Fund - The primary purpose of this fund is to account for sanitation receipts and related disbursements. The primary source of receipts for this fund is charges for services.

Animal Shelter Fund - The primary purpose of this fund is to account for animal shelter receipts and related disbursements. The primary source of receipts for this fund is charges for services and interest earned.

American Rescue Act Plan Fund – The primary purpose of this fund is to account for receipts and disbursements from the American Rescue Plan Act (ARPA).

**Unbudgeted Funds**

The fiscal court reports the following unbudgeted funds:

Public Properties Corporation Fund - The primary purpose of this fund is to account for debt service payments. The Department for Local Government does not require the fiscal court to report or budget this fund.

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

**D. Budgetary Information**

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

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

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

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

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

**D. Budgetary Information (Continued)**

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

**E. Webster County Elected Officials**

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

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

**F. Deposits and Investments**

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

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

**G. Long-term Obligations**

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



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

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

**G. Tax Abatements**

GASB Statement No. 77 - Tax Abatement Disclosures is effective for reporting periods beginning after December 15, 2015.

The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public presently. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. See Note 11. For tax abatements effective during the year ended June 30, 2021.

**Note 2. Deposits**

**A. Deposits**

The fiscal court maintained deposits of public funds with federally insured banking institutions as required by the Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual*. The DLG Manual strongly recommends perfected pledges of securities covering all public funds except direct federal obligations and funds protected by federal insurance. 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, 2021, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**Note 3. 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 statements. The fiscal court has the following agency trust funds:

**Jail Inmate Fund** - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2021, was \$61,721.

**Health Reimbursement Fund** - This fund accounts for the county's contributions to individual health accounts maintained for each employee. The balance of the health reimbursement fund as of June 30, 2021, was \$73,892.

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

**Note 4. Transfers**

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

	General Fund	Total Transfers In
Jail Fund	\$ 196,637	\$ 196,637
State Grants Fund	22,350	22,350
Sanitation Fund	20,000	20,000
Total Transfers Out	<u>\$ 238,987</u>	<u>\$ 238,987</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 5. Long-term Debt**

**A. Revenue Bonds – Other Debt**

**1. First Mortgage Refunding Revenue Bonds (Judicial Center Project), Series 2011**

On May 5, 2011, the Webster County, Kentucky, Public Properties Corporation (Corporation) issued First Mortgage Refunding Revenue Bonds, Series 2011 to refund First Mortgage Revenue Bonds (Judicial Center Project), Series 2002. The total bond issue was \$1,515,000, with interest rates from 4.00 percent to 4.5 percent. Interest is payable on February 1 and August 1 of each year. As of June 30, 2021, bonds outstanding were \$895,000. Future principal and interest requirements are:

Fiscal Year Ended June 30	Principal	Scheduled Interest
2022	\$ 165,000	\$ 36,060
2023	175,000	29,873
2024	175,000	23,310
2025	185,000	15,960
2026	195,000	8,190
Totals	<u>\$ 895,000</u>	<u>\$ 113,393</u>

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

**Note 5. Long-term Debt**

**B. Direct Borrowings and Direct Placements**

**1. Webster County Detention Center Expansion Series 2017C**

On September 19, 2017, the Webster County Fiscal Court entered into a lease-purchase agreement with Kentucky Association of Counties Leasing Trust (KaCOLT) in the amount of \$4,370,000. Monthly principal and interest payments are due beginning October 1, 2017. The final installment is due on January 1, 2037. The effective interest rate is 2.94%. The purpose of the agreement is to refund a portion of the outstanding lease agreement by and between the Kentucky Association of Counties Finance Corporation and the County of Webster, Kentucky, dated December 16, 2010, the proceeds of which were used to refinance a lease dated February 14, 2008, that was used to finance the construction, acquisition, and equipping of an expansion to the current Webster County detention facility. In order to secure all obligations noted in the lease, Webster County granted the Kentucky Association of Counties Finance Corporation a first and prior security interest in any and all right, title, and interest of Webster County in the portions of the project that constitute personal property and in all additions, attachments, accessions, and substitutions thereto, and on any proceeds therefrom. Webster County shall immediately surrender possession of the project to the Kentucky Association of Counties Finance Corporation upon the occurrence of an event of default. Principal outstanding as of June 30, 2021, totaled \$4,062,917. Future principal and interest requirements are:

<u>Fiscal Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Scheduled</u> <u>Interest</u>
2022	\$ 189,167	\$ 142,915
2023	197,083	133,457
2024	206,250	123,603
2025	219,167	113,290
2026	231,250	102,332
2027-2031	1,301,667	377,462
2032-2036	1,522,917	173,566
2037	195,416	3,970
Totals	<u>\$ 4,062,917</u>	<u>\$ 1,170,595</u>

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

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

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Revenue Bonds	\$ 1,060,000	\$	\$ 165,000	\$ 895,000	\$ 165,000
Direct Borrowings and Direct Placements	4,242,083		179,166	4,062,917	189,167
Total Long-term Debt	<u>\$ 5,302,083</u>	<u>\$</u>	<u>\$ 344,166</u>	<u>\$ 4,957,917</u>	<u>\$ 354,167</u>

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

**Note 5. Long-term Debt (Continued)**

**C. Aggregate Debt Schedule**

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

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2021	\$ 165,000	\$ 36,060	\$ 189,167	\$ 142,915
2022	175,000	29,873	197,083	133,457
2023	175,000	23,310	206,250	123,603
2024	185,000	15,960	219,167	113,290
2025	195,000	8,190	231,250	102,332
2026-2030			1,301,667	377,462
2031-2035			1,522,917	173,566
2036-2037			195,416	3,970
Totals	<u>\$ 895,000</u>	<u>\$ 113,393</u>	<u>\$ 4,062,917</u>	<u>\$ 1,170,595</u>

**Note 6. Employee Retirement System**

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (KRS). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Effective April 1, 2022, the Kentucky Retirement Systems as an agency of the Commonwealth is now known as the Kentucky Public Pensions Authority (KPPA). The governance of CERS has been transferred to a separate 9-member board of trustees that is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2019 was \$613,293, FY 2020 was \$687,327, and FY 2021 was \$633,634.

Nonhazardous

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

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

**WEBSTER COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2020**  
**(Continued)**

**Note 6. Employee Retirement System (Continued)**

Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

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

The county's contribution rate for nonhazardous employees was 24.06 percent.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

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

Benefits are covered under KRS 161.714 with exception of COLA and retiree health benefits after July 2003.

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

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

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

**WEBSTER COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2020**  
**(Continued)**

**Note 6. Employee Retirement System (Continued)**

Tier 2 member benefits are covered by KRS 161.714 with exception of COLA and retiree health benefits after July 2003. Tier 3 members are not covered by the same provisions.

**C. Cost of Living Adjustments - Tier 1**

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

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

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

**E. Death Benefit**

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

KRS 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 Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

KRS 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 7. Deferred Compensation**

The Webster 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.

**WEBSTER COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2020**  
**(Continued)**

**Note 7. Deferred Compensation (Continued)**

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing the Kentucky Public Employees' Deferred Compensation Authority at 501 High Street, 2nd Floor, Frankfort, KY 40601, or by telephone at (502) 573-7925.

**Note 8. Health Reimbursement Account/Flexible Spending Account**

The Webster County Fiscal Court established a flexible spending account on May 1, 2012, to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides \$2,250 for each individual plan. The balance of the plan is \$73,892.

**Note 9. Insurance**

For the fiscal year ended June 30, 2020, the Webster 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 10. Conduit Debt**

From time to time the county has issued bonds to provide financial assistance to others for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Webster County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2021, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

**Note 11. Commitment Debt**

Webster County, in conjunction with Henderson, Union, and McLean Counties issued an ordinance which guarantees a portion of the \$450,000, zero-interest rural development loan to Kenergy from the West Kentucky Regional Industrial Development Authority to assist in promoting development of the 4 Star Industrial Park. Webster County authorized a guarantee of \$150,000. Henderson County also guaranteed \$150,000 and Union and McLean Counties each guaranteed \$75,000.

**Note 12. Tax Abatement**

The property tax was abated under the authority of Webster County Fiscal Court. Tyson Foods is eligible to receive this tax abatement due to the purpose of the business bringing incentives to the citizens of the county, pursuant to KRS 65.7041. The taxes are abated by the county enabling Tyson Foods to start paying taxes from year one, on a pro-rated basis, and further allow Tyson Foods to amend the bond issue from \$14 million dollars to \$17 million dollars. For fiscal year ended June 30, 2021, the Webster County Fiscal Court did not remit any abated property taxes back to Tyson Foods.

**WEBSTER COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2020**  
**(Continued)**

**Note 13. Contingencies**

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

**Note 14. Prior Period Adjustment**

The beginning fund balance for the road fund, jail fund, and local economic assistance fund was increased to account for prior year voided checks by \$47,720, \$1,998, and \$676, respectively.



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

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

THIS PAGE LEFT BLANK INTENTIONALLY

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

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

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 1,363,465	\$ 1,363,465	\$ 1,612,167	\$ 248,702
In Lieu Tax Payments	4,641	4,641	11,467	6,826
Excess Fees			4,590	4,590
Licenses and Permits	9,273	9,273	12,596	3,323
Intergovernmental	1,231,374	1,231,374	1,983,614	752,240
Charges for Services	12,264	12,264		(12,264)
Miscellaneous	246,950	271,693	112,745	(158,948)
Interest	3,223	3,223	5,340	2,117
Total Receipts	<u>2,871,190</u>	<u>2,895,933</u>	<u>3,742,519</u>	<u>846,586</u>
<b>DISBURSEMENTS</b>				
General Government	2,525,084	2,542,457	2,225,884	316,573
Protection to Persons and Property	536,970	605,910	589,768	16,142
General Health and Sanitation	155,501	29,233	27,942	1,291
Social Services	6,500	23,400	12,360	11,040
Recreation and Culture	1,200	1,200	1,200	
Capital Projects	40,000	40,000	11,650	28,350
Administration	270,737	317,735	303,065	14,670
Total Disbursements	<u>3,535,992</u>	<u>3,559,935</u>	<u>3,171,869</u>	<u>388,066</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(664,802)</u>	<u>(664,002)</u>	<u>570,650</u>	<u>1,234,652</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds			(238,987)	(238,987)
Total Other Adjustments to Cash (Uses)			<u>(238,987)</u>	<u>(238,987)</u>
Net Change in Fund Balance	(664,802)	(664,002)	331,663	995,665
Fund Balance - Ending	<u>664,802</u>	<u>664,802</u>	<u>819,534</u>	<u>154,732</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 800</u>	<u>\$ 1,151,197</u>	<u>\$ 1,150,397</u>

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

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,502,323	\$ 1,502,323	\$ 1,351,912	\$ (150,411)
Miscellaneous	127,918	127,918	81,585	(46,333)
Interest	3,300	3,300	4,978	1,678
Total Receipts	<u>1,633,541</u>	<u>1,633,541</u>	<u>1,438,475</u>	<u>(195,066)</u>
<b>DISBURSEMENTS</b>				
Roads	1,329,536	1,379,956	1,259,411	120,545
Administration	354,005	303,585	233,699	69,886
Total Disbursements	<u>1,683,541</u>	<u>1,683,541</u>	<u>1,493,110</u>	<u>190,431</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(54,635)</u>	<u>(4,635)</u>
Net Change in Fund Balance	(50,000)	(50,000)	(54,635)	(4,635)
Fund Balance Beginning (Restated)	<u>50,000</u>	<u>50,000</u>	<u>826,085</u>	<u>776,085</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 771,450</u>	<u>\$ 771,450</u>

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

**JAIL FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 2,690,402	\$ 2,690,402	\$ 2,018,068	\$ (672,334)
Charges for Services	46,850	46,850	66,014	19,164
Miscellaneous	169,300	169,300	254,768	85,468
Interest Earned	1,200	1,200	283	(917)
Total Receipts	2,907,752	2,907,752	2,339,133	(568,619)
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	1,980,547	1,985,547	1,636,800	348,747
Debt Service	343,830	343,830	342,208	1,622
Administration	583,375	578,375	449,029	129,346
Total Disbursements	2,907,752	2,907,752	2,428,037	479,715
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			(88,904)	(88,904)
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			196,637	196,637
Total Other Adjustments to Cash (Uses)			196,637	196,637
Net Change in Fund Balance			107,733	107,733
Fund Balance Beginning			38,878	38,878
Fund Balance Beginning (Restated)	\$ 0	\$ 0	\$ 146,611	\$ 146,611

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

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
License and Permits	\$ 1,800	\$ 1,800	\$ 2,850	\$ 1,050
Intergovernmental	531,342	531,342	229,913	(301,429)
Charges for Services	236,951	236,951	227,661	(9,290)
Miscellaneous	35,200	35,200	50,487	15,287
Interest	500	500	1,264	764
Total Receipts	805,793	805,793	512,175	(293,618)
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	61,559	61,559	56,373	5,186
General Health and Sanitation	584,270	582,500	439,914	142,586
Social Services	159,964	161,014	108,353	52,661
Roads		720	606	114
Total Disbursements	805,793	805,793	605,246	200,547
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			(93,071)	(93,071)
Net Change in Fund Balance			(93,071)	(93,071)
Fund Balance Beginning (Restated)			572,244	572,244
Fund Balance - Ending	\$ 0	\$ 0	\$ 479,173	\$ 479,173

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

	STATE GRANTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 274,500	\$ 1,302,232	\$ 32,732	\$ (1,269,500)
Interest			97	97
Total Receipts	<u>274,500</u>	<u>1,302,232</u>	<u>32,829</u>	<u>(1,269,403)</u>
<b>DISBURSEMENTS</b>				
General Government	189,500	983,478	96,328	887,150
Protection to Persons and Property	40,000	116,606	41,606	75,000
General Health and Sanitation	45,000	2,148		2,148
Roads		200,000		200,000
Total Disbursements	<u>274,500</u>	<u>1,302,232</u>	<u>137,934</u>	<u>1,164,298</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>(105,105)</u>	<u>(105,105)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			<u>22,350</u>	<u>22,350</u>
Total Other Adjustments to Cash (Uses)			<u>22,350</u>	<u>22,350</u>
Net Change in Fund Balance			<u>(82,755)</u>	<u>(82,755)</u>
Fund Balance Beginning			<u>96,449</u>	<u>96,449</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 13,694</u>	<u>\$ 13,694</u>

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

<b>FEDERAL GRANTS FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 267,221	\$ 267,221	\$ 244,521	\$ (22,700)
Total Receipts	267,221	267,221	244,521	(22,700)
<b>DISBURSEMENTS</b>				
General Government	252,221	252,221	244,521	7,700
Social Services	15,000	15,000		15,000
Total Disbursements	267,221	267,221	244,521	22,700
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
Net Change in Fund Balance			20	20
Fund Balance Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 20	\$ 20



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

<b>SANITATION FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Charges for Services	\$ 206,667	\$ 206,667	\$ 172,913	\$ (33,754)
Interest	70	70	56	(14)
Total Receipts	206,737	206,737	172,969	(33,768)
<b>DISBURSEMENTS</b>				
General Health and Sanitation	189,040	190,873	190,797	76
Administration	17,697	16,664	16,263	401
Total Disbursements	206,737	207,537	207,060	477
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(800)	(34,091)	(33,291)
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			20,000	20,000
Total Other Adjustments to Cash (Uses)			20,000	20,000
Net Change in Fund Balance		(800)	(14,091)	(13,291)
Fund Balance Beginning			23,573	23,573
Fund Balance - Ending	\$ 0	\$ (800)	\$ 9,482	\$ 10,282

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

	ANIMAL SHELTER FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$	\$	\$ 85	\$ 85
Total Receipts			85	85
DISBURSEMENTS				
General Health and Sanitation	500	500		500
Total Disbursements	500	500		500
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(500)	(500)	85	585
Net Change in Fund Balance	(500)	(500)	85	585
Fund Balance Beginning	500	500	34,180	33,680
Fund Balance - Ending	\$ 0	\$ 0	\$ 34,265	\$ 34,265

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

<b>AMERICAN RESCUE ACT PLAN FUND</b>			
	Budgeted Amounts		Variance with
	Original	Final	Final Budget Positive (Negative)
<b>RECEIPTS</b>			
Intergovernmental	\$	\$ 1,256,916	\$ 1,256,916
Total Receipts		1,256,916	1,256,916
<b>DISBURSEMENTS</b>			
Administration		1,256,916	1,256,916
Total Disbursements		1,256,916	1,256,916
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			1,256,916
Net Change in Fund Balance			1,256,916
Fund Balance Beginning			
Fund Balance - Ending	\$ 0	\$ 0	\$ 1,256,916

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

**June 30, 2021**

**Note 1. Budgetary Information**

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

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

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

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

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

THIS PAGE LEFT BLANK INTENTIONALLY

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

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

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 767,992	\$ 1,685,000	\$	\$ 2,452,992
Buildings	14,629,691			14,629,691
Vehicles & Equipment	3,103,849	33,395		3,137,244
Other Equipment	3,651,651	246,003		3,897,654
Infrastructure	18,753,473	455,373		19,208,846
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Capital Assets	<u>\$ 40,906,656</u>	<u>\$ 2,419,771</u>	<u>\$ 0</u>	<u>\$ 43,326,427</u>

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

**June 30, 2021**

**Note 1. Capital Assets**

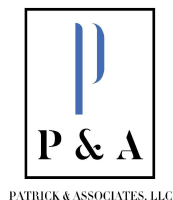
Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported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

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 5,000	10-60
Buildings and Building Improvements	\$ 5,000	10-75
Equipment	\$ 5,000	3-25
Vehicles	\$ 5,000	3-25
Infrastructure	\$ 5,000	10-50



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

THIS PAGE LEFT BLANK INTENTIONALLY



The Honorable Stephen R. Henry, Webster County Judge/Executive  
Members of the Webster County Fiscal Court

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

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Webster County Fiscal Court for the fiscal year ended June 30, 2021, and the related notes to the financial statement which collectively comprise the Webster County Fiscal Court's financial statement and have issued our report thereon dated February 3, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of X, State Y'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Webster County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of Webster County Fiscal Court's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2021-01 that we consider to be a material weakness.

**Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Webster 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that are required to be reported under *Government Auditing Standards*.

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)

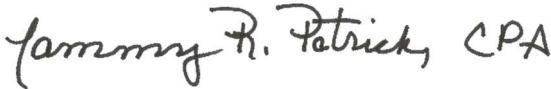
**Views of Responsible Officials and Planned Corrective Action**

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

**Purpose of this Report**

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

Respectfully submitted,

A handwritten signature in black ink that reads "Tammy R. Patrick, CPA". The signature is written in a cursive, flowing style.

Tammy R. Patrick, CPA  
Patrick & Associates, LLC

February 3, 2023

**WEBSTER COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**

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

**WEBSTER COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**

**Fiscal Year Ended June 30, 2021**

**INTERNAL CONTROL – MATERIAL WEAKNESSES:**

**2021-001 The Jail Lacks Adequate Segregation Of Duties Over The Jail Commissary And Inmate Accounts**

---

This is a repeat finding and was included in the prior year report as finding 2020-001. The jail lacks adequate segregation of duties over the jail commissary and inmate accounts. The jail bookkeeper prepares deposits, prepares daily checkout sheets, and posts to the receipts ledgers. The bookkeeper also prepares monthly collection and disbursement reports, writes and signs checks, posts to the disbursements ledger, and prepares the monthly bank reconciliations. Compensating controls such as the review of daily checkout sheets by the Jailer and the requirement of dual signatures on all checks were noted, but were not deemed adequate enough to offset this control deficiency.

Due to the small size of staff and limited resources, the jail has limited options for establishing segregation of duties.

Lack of segregation of duties could result in misappropriation of assets and/or inaccurate financial reporting, which could occur but go undetected. In addition, too much control by one individual may lead to irregularities if proper oversight is not implemented.

Segregation of duties and/or the implementation of strong compensating controls is essential for providing protection from asset misappropriations and ensuring accurate financial reporting.

We recommend the jail segregate duties to the extent possible given the limited staff size and resources. If proper segregation of duties is not possible due to budget constraints, we recommend that the jail implement strong compensating controls over jail canteen and inmate accounts.

*County Judge/Executive's Response: Official did not respond.*

*County Jailer's Response: The Jailer, Finance Officer, Class D Coordinator, and Lieutenant will all assist in the segregation of duties over the jail canteen & inmate account. Someone other than the Finance Officer will approve all items pertaining to the jail canteen & inmate account. This change has already been in place for some time now.*

**CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAM  
WEBSTER COUNTY FISCAL COURT**

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

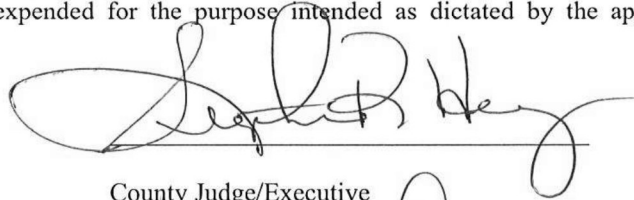
THIS PAGE LEFT BLANK INTENTIONALLY



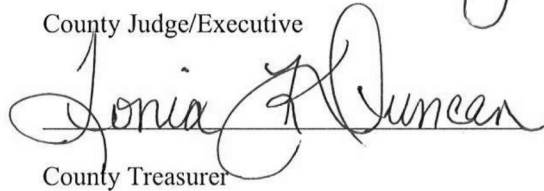
CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM  
COUNTY FISCAL COURT

For The Year Ended June 30, 2021

The Webster County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

A handwritten signature in black ink, appearing to read "Stephen H. Hays", written over a horizontal line.

County Judge/Executive

A handwritten signature in black ink, appearing to read "Jonia H. Duncan", written over a horizontal line.

County Treasurer