# REPORT OF THE AUDIT OF THE FLEMING COUNTY FISCAL COURT

**For The Year Ended**
**June 30, 2025**

RECEIVED
OCT 13 2026
BY:

**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 John Sims, Jr., Fleming County Judge/Executive
Members of the Fleming 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 Fleming County Fiscal Court, for the year ended June 30, 2025, and the related notes to the financial statement, which collectively comprise the Fleming 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 Fleming County Fiscal Court, for the year ended June 30, 2025, 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 Fleming County Fiscal Court, for the year ended June 30, 2025, 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 the Fleming 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.

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To the People of Kentucky
The Honorable Andy Beshear, Governor
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The Honorable John Sims, Jr., Fleming County Judge/Executive
Members of the Fleming 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 Fleming 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***

Fleming 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fleming County Fiscal Court's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***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 Fleming County Fiscal Court's internal control. Accordingly, no such opinion is expressed.

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

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

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

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 Fleming County Fiscal Court. The Budgetary Comparison Schedules 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.

***Other Information***

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

To the People of Kentucky
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Holly M. Johnson, Secretary
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Members of the Fleming County Fiscal Court

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2026, on our consideration of the Fleming 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 Fleming County Fiscal Court's internal control over financial reporting and compliance.

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

2025-001 The Fleming County Fiscal Court Did Not Budget Funds Properly

Respectfully submitted,

Allison Ball

Allison Ball
Auditor of Public Accounts
Frankfort, Ky

July 27, 2026

# FLEMING COUNTY OFFICIALS

## For The Year Ended June 30, 2025

**Fiscal Court Members:**

| | |
|---|---|
| John Sims, Jr. | County Judge/Executive |
| Taylor Hunt | Magistrate |
| Kerri Marshall | Magistrate |
| Richie Kielman | Magistrate |
| Ray Money | Magistrate |
| Donnie Fawns | Magistrate |
| Joe Dunaway | Magistrate (07/01/24 through 03/31/25) |
| Eugene Price | Magistrate (04/01/25 through 06/30/25) |

**Other Elected Officials:**

| | |
|---|---|
| Monica Hill | County Attorney |
| Jeffrey Harmon | Jailer |
| Jarrod Fritz | County Clerk |
| Amy Saunders | Circuit Court Clerk |
| Tim Smith | Sheriff |
| Stephanie Hardin | Property Valuation Administrator |
| Winston Grannis | Coroner |
| Travis McGlone | County Surveyor |

**Appointed Personnel:**

| | |
|---|---|
| Miranda Utterback | County Treasurer |
| Tammy Gray | Chief Financial Officer |

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# FLEMING COUNTY
# STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS

**For The Year Ended June 30, 2025**

# FLEMING COUNTY
# STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS

## For The Year Ended June 30, 2025

| | Budgeted Funds | | | |
|---|---|---|---|---|
| | General Fund | Road Fund | Jail Fund | Local Government Economic Assistance Fund |
| **RECEIPTS** | | | | |
| Taxes | $ 2,797,765 | $ | $ | $ |
| Excess Fees | 129,728 | | | |
| Licenses and Permits | 29,457 | | | |
| Intergovernmental | 862,547 | 1,974,503 | 94,305 | 87,373 |
| Charges for Services | 125 | | | |
| Miscellaneous | 962,749 | 257,355 | | |
| Interest | 26,914 | 7,216 | | 6,012 |
| Total Receipts | 4,809,285 | 2,239,074 | 94,305 | 93,385 |
| **DISBURSEMENTS** | | | | |
| General Government | 2,186,131 | | | |
| Protection to Persons and Property | 109,793 | | 528,990 | |
| General Health and Sanitation | 31,536 | | | |
| Social Services | 10,150 | | | |
| Recreation and Culture | 53,500 | | | |
| Transportation Facility and Services | | 12,712 | | |
| Roads | | 2,172,097 | | |
| Airports | 11,500 | | | |
| Debt Service | | | | |
| Capital Projects | | | | |
| Administration | 1,156,098 | 352,677 | 40,432 | |
| Total Disbursements | 3,558,708 | 2,537,486 | 569,422 | |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | 1,250,577 | (298,412) | (475,117) | 93,385 |
| **Other Adjustments to Cash (Uses)** | | | | |
| Transfers From Other Funds | 14,144 | 544,215 | 484,000 | |
| Transfers To Other Funds | (1,134,998) | | | |
| Total Other Adjustments to Cash (Uses) | (1,120,854) | 544,215 | 484,000 | |
| Net Change in Fund Balance | 129,723 | 245,803 | 8,883 | 93,385 |
| Fund Balance - Beginning | 944,904 | 25,521 | 7,301 | 138,488 |
| Fund Balance - Ending | $ 1,074,627 | $ 271,324 | $ 16,184 | $ 231,873 |
| **Composition of Fund Balance** | | | | |
| Bank Balance | $ 1,091,717 | $ 273,545 | $ 16,670 | $ 231,873 |
| Less: Outstanding Checks | (17,090) | (2,221) | (486) | |
| Fund Balance - Ending | $ 1,074,627 | $ 271,324 | $ 16,184 | $ 231,873 |

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

**FLEMING COUNTY**
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS**
**For The Year Ended June 30, 2025**
**(Continued)**

| | Budgeted Funds | | | | | | |
|---|---|---|---|---|---|---|---|
| | Forest Fire Protection Fund | Community Development Block Grant (CDBG) Fund | Dispatch Fund | County Clerk Storage Fees Fund | American Rescue Plan Act (ARPA) Fund | Opioid Settlement Fund | Capital Improvement Fund |
| | $ 1,410 | $ | $ 117,531 | $ | $ | $ | $ |
| | | 134,921 | 214,717 | | | | |
| | | | | 27,860 | | 54,883 | 12,230 |
| | | | 5,073 | 10 | 4,196 | 9,378 | 9,346 |
| | 1,410 | 134,921 | 337,321 | 27,870 | 4,196 | 64,261 | 21,576 |
| | | 134,921 | | 24,000 | 102,975 | | |
| | 1,480 | | 388,330 | | | | |
| | | | | | 733,272 | | |
| | | | | | | | 144,850 |
| | | | 91,437 | | 9,963 | | |
| | 1,480 | 134,921 | 479,767 | 24,000 | 846,210 | | 144,850 |
| | (70) | | (142,446) | 3,870 | (842,014) | 64,261 | (123,274) |
| | 73 | | | | | | 106,710 |
| | | | | | (14,144) | | |
| | 73 | | | | (14,144) | | 106,710 |
| | 3 | | (142,446) | 3,870 | (856,158) | 64,261 | (16,564) |
| | 84 | | 225,238 | 7,413 | 856,158 | 203,910 | 316,841 |
| | $ 87 | $ 0 | $ 82,792 | $ 11,283 | $ 0 | $ 268,171 | $ 300,277 |
| | $ 87 | $ | $ 84,892 | $ 11,283 | $ | $ 268,171 | $ 300,277 |
| | | | (2,100) | | | | |
| | $ 87 | $ 0 | $ 82,792 | $ 11,283 | $ 0 | $ 268,171 | $ 300,277 |

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

**FLEMING COUNTY**
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS**
**For The Year Ended June 30, 2025**
**(Continued)**

| | Unbudgeted Funds | | |
|---|---|---|---|
| | Alcohol Beverage Control (ABC) Fund | Public Properties Corporation (PPC) Fund | Total Funds |
| **RECEIPTS** | | | |
| Taxes | $ | $ | $ 2,916,706 |
| Excess Fees | | | 129,728 |
| Licenses and Permits | | | 29,457 |
| Intergovernmental | | 966,356 | 4,334,722 |
| Charges for Services | | | 125 |
| Miscellaneous | 12,778 | | 1,327,855 |
| Interest | | 5,226 | 73,371 |
| Total Receipts | 12,778 | 971,582 | 8,811,964 |
| **DISBURSEMENTS** | | | |
| General Government | | | 2,448,027 |
| Protection to Persons and Property | | | 1,028,593 |
| General Health and Sanitation | | | 31,536 |
| Social Services | | | 10,150 |
| Recreation and Culture | | | 53,500 |
| Transportation Facility and Services | | | 12,712 |
| Roads | | | 2,905,369 |
| Airports | | | 11,500 |
| Debt Service | | 966,356 | 966,356 |
| Capital Projects | | | 144,850 |
| Administration | | | 1,650,607 |
| Total Disbursements | | 966,356 | 9,263,200 |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | 12,778 | 5,226 | (451,236) |
| **Other Adjustments to Cash (Uses)** | | | |
| Transfers From Other Funds | | | 1,149,142 |
| Transfers To Other Funds | | | (1,149,142) |
| Total Other Adjustments to Cash (Uses) | | | |
| Net Change in Fund Balance | 12,778 | 5,226 | (451,236) |
| Fund Balance - Beginning | | 11,694 | 2,737,552 |
| Fund Balance - Ending | $ 12,778 | $ 16,920 | $ 2,286,316 |
| **Composition of Fund Balance** | | | |
| Bank Balance | $ 12,778 | $ 16,920 | $ 2,308,213 |
| Less: Outstanding Checks | | | (21,897) |
| Fund Balance - Ending | $ 12,778 | $ 16,920 | $ 2,286,316 |

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

## INDEX FOR NOTES TO THE FINANCIAL STATEMENT


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**FLEMING COUNTY**
**NOTES TO FINANCIAL STATEMENT**

**June 30, 2025**

## Note 1. Summary of Significant Accounting Policies

### A. Reporting Entity

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

### B. Basis of Accounting

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

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

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

### C. Basis of Presentation

**Budgeted Funds**

The fiscal court reports the following budgeted funds:

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

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

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

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

**Budgeted Funds (Continued)**

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.

Forest Fire Protection Fund - The primary purpose of this fund is to account for taxes collected on fire acres and remittance to the state.

Community Development Block Grant (CDBG) Fund - The primary purpose of this fund is to account for CDBG proceeds and related expenditures.

Dispatch Fund - The primary purpose of this fund is to account for the dispatch center expenses of the county. The primary purpose of receipts for this fund are 911 taxes and surcharges.

County Clerk Storage Fees Fund - The primary purpose of this fund is to account for county clerk storage fees and related expenditures.

American Rescue Plan Act (ARPA) Fund - This fund is set up exclusively for the funding and expenditures associated with the American Rescue Plan Act of 2021.

Opioid Settlement Fund - The primary purpose of this fund is to account for funds used to combat the county's opioid crisis. Receipts of this fund are received from the state as a result of the state's agreement with major opioid manufacturers and distributors.

Capital Improvement Fund - The primary purpose of this fund is to account for construction and maintenance costs involving county buildings or properties.

**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.

Alcohol Beverage Control (ABC) Fund - The primary purpose of this fund is to account for alcoholic beverage regulatory license fees. The primary source of receipts for this fund is alcohol beverages license fees. This fund is required to be budgeted by the Department for Local Government; however, it was not budgeted by the fiscal court.

**FLEMING COUNTY**
**NOTES TO FINANCIAL STATEMENT**
**June 30, 2025**
**(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 Public Properties Corporation Fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

**E. Fleming County Elected Officials**

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

**FLEMING COUNTY**
**NOTES TO FINANCIAL STATEMENT**
**June 30, 2025**
**(Continued)**

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

### G. Long-term Obligations

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

### H. 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 these criteria, the following are considered joint ventures of the Fleming County Fiscal Court:

Flemingsburg-Fleming County Industrial Development
Flemingsburg-Fleming County Recreation Board
Flemingsburg-Fleming County Planning and Zoning Commission
Fleming-Mason Airport Board
Flemingsburg-Fleming County and Ewing Ethics Board
Flemingsburg-Fleming County Chamber of Commerce

## 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's) *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 DLG's *County Budget Preparation and State Local Finance Officer Policy Manual.* As of June 30, 2025, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**FLEMING COUNTY**
**NOTES TO FINANCIAL STATEMENT**
**June 30, 2025**
**(Continued)**

### Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2025.

| | General Fund | American Rescue Plan Act (ARPA) Fund | Total Transfers In |
|---|---|---|---|
| General Fund | $ | $ 14,144 | $ 14,144 |
| Road Fund | 544,215 | | 544,215 |
| Jail Fund | 484,000 | | 484,000 |
| Forest Fire Protection Fund | 73 | | 73 |
| Capital Improvement Fund | 106,710 | | 106,710 |
| Total Transfers Out | $ 1,134,998 | $ 14,144 | $ 1,149,142 |

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. Commitments – Lease Agreements

#### A. Leases – Lessor

The Fleming County Fiscal Court was committed to the following lease agreements as lessor as of June 30, 2025:

| Description | Effective Date | Length of Term | Frequency of Payments | Ending Date | Amount of Payments | Balance June 30, 2025 |
|---|---|---|---|---|---|---|
| Office Space-Atlius | 7/25/2024 | 12 months | Monthly | 7/25/2025 | $ 250 | $ 0 |
| Office Space - Co Attorney | 2/11/2020 | continual | Monthly | continual | $ 1,000 | $ 0 |
| Office Space - Vertical Bridge | 12/12/2022 | continual | Monthly | continual | $ 1,000 | $ 0 |
| AOC | 10/1/2016 | 14 years | Yearly | 11/1/2030 | $ 870,000 | $ 4,125,000 |

#### B. Leases – Lessee

The Fleming County Fiscal Court was committed to the following lease agreements as lessee as of June 30, 2025:

| Description | Effective Date | Length of Term | Frequency of Payments | Ending Date | Amount of Payments | Balance June 30, 2025 |
|---|---|---|---|---|---|---|
| Copier - Road | 9/19/2022 | 60 months | Monthly | 9/19/2027 | $ 110 | $ 2,975 |
| Copier - General | 9/19/2022 | 60 months | Monthly | 9/19/2027 | $ 278 | $ 7,515 |
| Copier - Dispatch | 9/19/2022 | 60 months | Monthly | 9/19/2027 | $ 68 | $ 1,845 |

**FLEMING COUNTY**
**NOTES TO FINANCIAL STATEMENT**
**June 30, 2025**
**(Continued)**

## Note 5. Long-term Debt

### A. Other Debt

**First Mortgage Refunding Revenue Bonds, Series 2016 – Judicial Center**

On October 20, 2016, Fleming County Public Properties Corporations issued first mortgage refunding revenue bonds, series 2016, in the amount of $6,980,000. The proceeds of this issue were to pay off the first mortgage revenue bonds series 2009, which was for the construction of the judicial center. The bonds have interest rates ranging from 2.04 percent with a retirement date of November 1, 2018. They require interest payments to be made on May and November each year beginning on May 1, 2018. Annual principal payments began November 1, 2020. The Fleming County Public Properties Corporation (the issuer), the county and the Administrative Office of the Courts (AOC) have entered into a lease agreement, dated October 1, 2016, where the AOC will lease from the issuer the justice center, at an agreed rental, which rental amount will be assigned by the issuer to the trustee and is anticipated to be adequate to pay approximately 100% of the principal and interest on the bonds.

In the event of default, the AOC shall elect not to renew this lease at any time, or fail to pay to stipulated AOC rentals, or the county shall elect not to renew this lease at any time, or fail to pay the stipulated county proportionate share, then and in that event and upon any ensuing default in the payment of the principal of or interest on the bonds, the mortgage, as the case may be, shall be enforced, which enforcement may, under the terms of this mortgage, include foreclosure of the liens created by the mortgage and sale of the project. No such sale or foreclosure, however, shall give rise to any right to a deficiency judgment against the county or the AOC or the issuer in any sum, and until such sale the county may at any time, be payment of all costs of actions and charges or the trustee, and by discharge of principal of and interest on the bonds, receive unencumbered fee simple title to the project. In the event of any such enforcement by the trustee (whether occasioned by the default of the AOC or the county or by the failure of the issuer to apply the use allowance of the payment of the bonds and interest) form the proceeds of any operation of the project or foreclosure and ale of the project by the trustee there shall first be paid all expenses incident to said enforcement, as provided in the mortgage, and therefore the bonds and interest then outstanding shall be paid and retired, and if there shall remain any excess after paying such expenses and the claims of owners, the entire amount of such excess shall be paid over in cash to the county.

Notwithstanding the foregoing, as an alternative remedy, the trustee is entitled to enter upon the premises, evict AOC and the county and relet the project under such terms and conditions as it deems prudent; the proceeds of such reletting to be applied to the payment of the principal and interest requirements on the bonds. The principal balance of this issue was $4,125,000 as of June 30, 2025.

| Fiscal Year Ending June 30 | Principal | Scheduled Interest |
|---|---|---|
| 2026 | $ 890,000 | $ 78,200 |
| 2027 | 910,000 | 59,075 |
| 2028 | 930,000 | 39,525 |
| 2029 | 950,000 | 19,550 |
| 2030 | 445,000 | 4,728 |
| Totals | $ 4,125,000 | $ 201,078 |

**FLEMING COUNTY**
**NOTES TO FINANCIAL STATEMENT**
**June 30, 2025**
**(Continued)**

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

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

Long-term Debt activity for the year ended June 30, 2025, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Revenue Bonds | $ 4,995,000 | $ | $ 870,000 | $ 4,125,000 | $ 890,000 |
| Total Long-term Debt | $ 4,995,000 | $ 0 | $ 870,000 | $ 4,125,000 | $ 890,000 |

**C. Aggregate Debt Schedule**

The amount of required principal and interest payments on long-term obligations on June 30, 2025, were as follows:

| Fiscal Year Ended June 30 | Other Debt | |
|---|---|---|
| | Principal | Interest |
| 2026 | $ 890,000 | $ 78,200 |
| 2027 | 910,000 | 59,075 |
| 2028 | 930,000 | 39,525 |
| 2029 | 950,000 | 19,550 |
| 2030 | 445,000 | 4,728 |
| Totals | $ 4,125,000 | $ 201,078 |

**Note 6. Employee Retirement System**

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS). 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 Kentucky Retirement Systems (Ky. Ret. Sys.). The CERS nine-member board of trustees is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2023 was $563,844, FY 2024 was $548,780, and FY 2025 was $495,272.

Nonhazardous

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

**FLEMING COUNTY**
**NOTES TO FINANCIAL STATEMENT**
**June 30, 2025**
**(Continued)**

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

Nonhazardous (Continued)

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% of their annual creditable compensation. Nonhazardous members also contribute 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 CERS Board of Trustees based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4% 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 19.71%.

Hazardous

Hazardous covered employees are required to contribute 8% of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 9% of their salary to be allocated as follows: 8% will go to the member's account and 1% will be allocated to CERS's share of assets in the Ky. Ret. Sys. Insurance Trust Fund.

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

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute 8% of their annual creditable compensation and also contribute 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 Trustees 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% 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 38.61%.

**FLEMING COUNTY**
**NOTES TO FINANCIAL STATEMENT**
**June 30, 2025**
**(Continued)**

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

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn $10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Hazardous employees whose participation began on or after July 1, 2003, earn $15 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 $10 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 $10 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%. 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% 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.

**FLEMING COUNTY**
**NOTES TO FINANCIAL STATEMENT**
**June 30, 2025**
**(Continued)**

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

Other Post-Employment Benefits (OPEB) (Continued)

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

Once members reach a minimum vesting period of 15 years, they earn $15 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%. Upon the death of a hazardous employee, the employee's spouse receives $10 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% 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%. The COLA is not a guaranteed benefit. If a retiree has been receiving a benefit for less than 12 months, and a COLA is provided, it will be prorated based on the number of months the recipient has been receiving a benefit.

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

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

F. Death Benefit

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

G. Annual Financial Report and Proportionate Share Audit Report

KPPA 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. Some reports may also be obtained online at https://kyret.ky.gov.

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 7. Deferred Compensation**

The Fleming County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax-sheltered supplemental retirement plans for all state, public school and university employees, and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permit all full-time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

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

**Note 8. Insurance**

For the fiscal year ended June 30, 2025, the Fleming County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**Note 9. Alcohol Regulatory Fees Interlocal Agreement**

An interlocal cooperation agreement exists between the City of Flemingsburg and Fleming County Fiscal Court pertaining to the operation of an alcohol beverage control office to serve all of Fleming County. The alcohol beverage control office is located within the Flemingsburg Police Department. Pursuant to KRS 243.075, the Flemingsburg City Council and the Fleming County Fiscal Court imposed a regulatory license fee upon the gross receipts of the sale of alcoholic beverages in the amount of five percent (5%). Regulatory license fees for both the city and county shall be collected in accordance with the governing ordinance by the Local Office of Alcoholic Beverage Control and shall be transmitted upon collection to the City Finance Department.

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

**For The Year Ended June 30, 2025**

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# FLEMING COUNTY
## BUDGETARY COMPARISON SCHEDULES
## Supplementary Information - Regulatory Basis

### For The Year Ended June 30, 2025

| | GENERAL FUND | | | |
|---|---|---|---|---|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| **RECEIPTS** | | | | |
| Taxes | $ 2,502,500 | $ 2,558,254 | $ 2,797,765 | $ 239,511 |
| In Lieu Tax Payments | 7,500 | 7,500 | | (7,500) |
| Excess Fees | 183,600 | 186,505 | 129,728 | (56,777) |
| Licenses and Permits | 29,000 | 29,000 | 29,457 | 457 |
| Intergovernmental | 263,960 | 824,794 | 862,547 | 37,753 |
| Charges for Services | 125 | 125 | 125 | |
| Miscellaneous | 865,000 | 966,710 | 962,749 | (3,961) |
| Interest | 15,200 | 18,447 | 26,914 | 8,467 |
| Total Receipts | 3,866,885 | 4,591,335 | 4,809,285 | 217,950 |
| **DISBURSEMENTS** | | | | |
| General Government | 1,783,119 | 2,267,763 | 2,186,131 | 81,632 |
| Protection to Persons and Property | 115,114 | 120,863 | 109,793 | 11,070 |
| General Health and Sanitation | 39,959 | 40,355 | 31,536 | 8,819 |
| Social Services | 13,000 | 13,000 | 10,150 | 2,850 |
| Recreation and Culture | 32,813 | 61,813 | 53,500 | 8,313 |
| Airports | 11,500 | 11,500 | 11,500 | |
| Administration | 1,361,555 | 1,725,163 | 1,156,098 | 569,065 |
| Total Disbursements | 3,357,060 | 4,240,457 | 3,558,708 | 681,749 |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | 509,825 | 350,878 | 1,250,577 | 899,699 |
| **Other Adjustments to Cash (Uses)** | | | | |
| Transfers From Other Funds | | 14,043 | 14,144 | 101 |
| Transfers To Other Funds | (1,309,825) | (1,309,825) | (1,134,998) | 174,827 |
| Total Other Adjustments to Cash (Uses) | (1,309,825) | (1,295,782) | (1,120,854) | 174,928 |
| Net Change in Fund Balance | (800,000) | (944,904) | 129,723 | 1,074,627 |
| Fund Balance - Beginning | 800,000 | 944,904 | 944,904 | |
| Fund Balance - Ending | $ 0 | $ 0 | $ 1,074,627 | $ 1,074,627 |

**FLEMING COUNTY**
**BUDGETARY COMPARISON SCHEDULES**
**Supplementary Information - Regulatory Basis**
**For The Year Ended June 30, 2025**
**(Continued)**

| | ROAD FUND | | | |
|---|---|---|---|---|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| **RECEIPTS** | | | | |
| Intergovernmental | $ 1,857,993 | $ 2,165,596 | $ 1,974,503 | $ (191,093) |
| Miscellaneous | 8,750 | 69,225 | 257,355 | 188,130 |
| Interest | 4,210 | 7,244 | 7,216 | (28) |
| Total Receipts | 1,870,953 | 2,242,065 | 2,239,074 | (2,991) |
| **DISBURSEMENTS** | | | | |
| Transportation Facilities and Services | 10,000 | 12,712 | 12,712 | |
| Roads | 2,112,197 | 2,458,212 | 2,172,097 | 286,115 |
| Administration | 497,193 | 550,099 | 352,677 | 197,422 |
| Total Disbursements | 2,619,390 | 3,021,023 | 2,537,486 | 483,537 |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | (748,437) | (778,958) | (298,412) | 480,546 |
| **Other Adjustments to Cash (Uses)** | | | | |
| Transfers From Other Funds | 668,437 | 753,437 | 544,215 | (209,222) |
| Total Other Adjustments to Cash (Uses) | 668,437 | 753,437 | 544,215 | (209,222) |
| Net Change in Fund Balance | (80,000) | (25,521) | 245,803 | 271,324 |
| Fund Balance - Beginning | 80,000 | 25,521 | 25,521 | |
| Fund Balance - Ending | $ 0 | $ 0 | $ 271,324 | $ 271,324 |

**FLEMING COUNTY**
**BUDGETARY COMPARISON SCHEDULES**
**Supplementary Information - Regulatory Basis**
**For The Year Ended June 30, 2025**
**(Continued)**

| | JAIL FUND | | | |
|---|---|---|---|---|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| **RECEIPTS** | | | | |
| Intergovernmental | $ 92,900 | $ 93,962 | $ 94,305 | $ 343 |
| Charges for Services | 2,000 | 2,000 | | (2,000) |
| Miscellaneous | 100 | 100 | | (100) |
| Total Receipts | 95,000 | 96,062 | 94,305 | (1,757) |
| **DISBURSEMENTS** | | | | |
| Protection to Persons and Property | 692,463 | 694,544 | 528,990 | 165,554 |
| Administration | 64,425 | 70,207 | 40,432 | 29,775 |
| Total Disbursements | 756,888 | 764,751 | 569,422 | 195,329 |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | (661,888) | (668,689) | (475,117) | 193,572 |
| **Other Adjustments to Cash (Uses)** | | | | |
| Transfers From Other Funds | 661,388 | 661,388 | 484,000 | (177,388) |
| Total Other Adjustments to Cash (Uses) | 661,388 | 661,388 | 484,000 | (177,388) |
| Net Change in Fund Balance | (500) | (7,301) | 8,883 | 16,184 |
| Fund Balance - Beginning | 500 | 7,301 | 7,301 | |
| Fund Balance - Ending | $ 0 | $ 0 | $ 16,184 | $ 16,184 |

**FLEMING COUNTY**
**BUDGETARY COMPARISON SCHEDULES**
**Supplementary Information - Regulatory Basis**
**For The Year Ended June 30, 2025**
**(Continued)**

| | LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND | | | |
|---|---|---|---|---|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| **RECEIPTS** | | | | |
| Intergovernmental | $ 55,296 | $ 76,764 | $ 87,373 | $ 10,609 |
| Miscellaneous | 50 | 50 | | (50) |
| Interest | 1,015 | 4,091 | 6,012 | 1,921 |
| Total Receipts | 56,361 | 80,905 | 93,385 | 12,480 |
| **DISBURSEMENTS** | | | | |
| Roads | 10,000 | 10,000 | | 10,000 |
| Administration | 106,361 | 139,393 | | 139,393 |
| Total Disbursements | 116,361 | 149,393 | | 149,393 |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | (60,000) | (68,488) | 93,385 | 161,873 |
| **Other Adjustments to Cash (Uses)** | | | | |
| Transfers To Other Funds | (70,000) | (70,000) | | 70,000 |
| Total Other Adjustments to Cash (Uses) | (70,000) | (70,000) | | 70,000 |
| Net Change in Fund Balance | (130,000) | (138,488) | 93,385 | 231,873 |
| Fund Balance - Beginning | 130,000 | 138,488 | 138,488 | |
| Fund Balance - Ending | $ 0 | $ 0 | $ 231,873 | $ 231,873 |

**FLEMING COUNTY**
**BUDGETARY COMPARISON SCHEDULES**
**Supplementary Information - Regulatory Basis**
**For The Year Ended June 30, 2025**
**(Continued)**

| | FOREST FIRE PROTECTION FUND | | | |
|---|---|---|---|---|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| **RECEIPTS** | | | | |
| Taxes | $ 1,400 | $ 1,651 | $ 1,410 | $ (241) |
| Charges for Services | 100 | 100 | | (100) |
| Total Receipts | 1,500 | 1,751 | 1,410 | (341) |
| **DISBURSEMENTS** | | | | |
| Protection to Persons and Property | 1,480 | 1,480 | 1,480 | |
| Administration | 20 | 355 | | 355 |
| Total Disbursements | 1,500 | 1,835 | 1,480 | 355 |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | | (84) | (70) | 14 |
| **Other Adjustments to Cash (Uses)** | | | | |
| Transfers From Other Funds | | | 73 | 73 |
| Total Other Adjustments to Cash (Uses) | | | 73 | 73 |
| Net Change in Fund Balance | | (84) | 3 | 87 |
| Fund Balance - Beginning | | 84 | 84 | |
| Fund Balance - Ending | $ 0 | $ 0 | $ 87 | $ 87 |

**FLEMING COUNTY**
**BUDGETARY COMPARISON SCHEDULES**
**Supplementary Information - Regulatory Basis**
**For The Year Ended June 30, 2025**
**(Continued)**

| | CDBG FUND | | | |
|---|---|---|---|---|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| **RECEIPTS** | | | | |
| Intergovernmental | $ | $ 134,921 | $ 134,921 | $ |
| Total Receipts | | 134,921 | 134,921 | |
| **DISBURSEMENTS** | | | | |
| General Government | | 134,921 | 134,921 | |
| Total Disbursements | | 134,921 | 134,921 | |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | | | | |
| Net Change in Fund Balance | | | | |
| Fund Balance - Beginning | | | | |
| Fund Balance - Ending | $ 0 | $ 0 | $ 0 | $ 0 |

**FLEMING COUNTY**
**BUDGETARY COMPARISON SCHEDULES**
**Supplementary Information - Regulatory Basis**
**For The Year Ended June 30, 2025**
**(Continued)**

| | DISPATCH FUND | | | |
|---|---|---|---|---|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| **RECEIPTS** | | | | |
| Taxes | $ 145,000 | $ 145,000 | $ 117,531 | $ (27,469) |
| Intergovernmental | 160,000 | 167,475 | 214,717 | 47,242 |
| Miscellaneous | 1,000 | 1,000 | | (1,000) |
| Interest | 5,050 | 5,050 | 5,073 | 23 |
| Total Receipts | 311,050 | 318,525 | 337,321 | 18,796 |
| **DISBURSEMENTS** | | | | |
| Protection to Persons and Property | 366,222 | 431,995 | 388,330 | 43,665 |
| Administration | 244,828 | 161,768 | 91,437 | 70,331 |
| Total Disbursements | 611,050 | 593,763 | 479,767 | 113,996 |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | (300,000) | (275,238) | (142,446) | 132,792 |
| **Other Adjustments to Cash (Uses)** | | | | |
| Transfers From Other Funds | 50,000 | 50,000 | | (50,000) |
| Total Other Adjustments to Cash (Uses) | 50,000 | 50,000 | | (50,000) |
| Net Change in Fund Balance | (250,000) | (225,238) | (142,446) | 82,792 |
| Fund Balance - Beginning | 250,000 | 225,238 | 225,238 | |
| Fund Balance - Ending | $ 0 | $ 0 | $ 82,792 | $ 82,792 |

**FLEMING COUNTY**
**BUDGETARY COMPARISON SCHEDULES**
**Supplementary Information - Regulatory Basis**
**For The Year Ended June 30, 2025**
**(Continued)**

| | COUNTY CLERK STORAGE FEES FUND | | | |
|---|---|---|---|---|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| **RECEIPTS** | | | | |
| Miscellaneous | $ 30,000 | $ 30,000 | $ 27,860 | $ (2,140) |
| Interest | 12 | 12 | 10 | (2) |
| Total Receipts | 30,012 | 30,012 | 27,870 | (2,142) |
| **DISBURSEMENTS** | | | | |
| General Government | 30,000 | 30,000 | 24,000 | 6,000 |
| Administration | 5,012 | 7,426 | | 7,426 |
| Total Disbursements | 35,012 | 37,426 | 24,000 | 13,426 |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | (5,000) | (7,414) | 3,870 | 11,284 |
| Net Change in Fund Balance | (5,000) | (7,414) | 3,870 | 11,284 |
| Fund Balance - Beginning | 5,000 | 7,414 | 7,413 | (1) |
| Fund Balance - Ending | $ 0 | $ 0 | $ 11,283 | $ 11,283 |

**FLEMING COUNTY**
**BUDGETARY COMPARISON SCHEDULES**
**Supplementary Information - Regulatory Basis**
**For The Year Ended June 30, 2025**
**(Continued)**

| | AMERICAN RESCUE PLAN ACT (APRA) FUND | | | |
|---|---|---|---|---|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| **RECEIPTS** | | | | |
| Miscellaneous | $ | $ 327 | $ | $ (327) |
| Interest | 3,015 | 4,195 | 4,196 | 1 |
| Total Receipts | 3,015 | 4,522 | 4,196 | (326) |
| **DISBURSEMENTS** | | | | |
| General Government | | 116,369 | 102,975 | 13,394 |
| Roads | 500,000 | 733,272 | 733,272 | |
| Administration | 253,015 | 11,039 | 9,963 | 1,076 |
| Total Disbursements | 753,015 | 860,680 | 846,210 | 14,470 |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | (750,000) | (856,158) | (842,014) | 14,144 |
| **Other Adjustments to Cash (Uses)** | | | | |
| Transfers To Other Funds | | | (14,144) | (14,144) |
| Total Other Adjustments to Cash (Uses) | | | (14,144) | (14,144) |
| Net Change in Fund Balance | (750,000) | (856,158) | (856,158) | |
| Fund Balance - Beginning | 750,000 | 856,158 | 856,158 | |
| Fund Balance - Ending | $ 0 | $ 0 | $ 0 | $ 0 |

**FLEMING COUNTY**
**BUDGETARY COMPARISON SCHEDULES**
**Supplementary Information - Regulatory Basis**
**For The Year Ended June 30, 2025**
**(Continued)**

| | OPIOID SETTLEMENT FUND | | | |
|---|---|---|---|---|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| **RECEIPTS** | | | | |
| Miscellaneous | $ 17,368 | $ 39,705 | $ 54,883 | $ 15,178 |
| Interest | 3,015 | 7,052 | 9,378 | 2,326 |
| Total Receipts | 20,383 | 46,757 | 64,261 | 17,504 |
| **DISBURSEMENTS** | | | | |
| Administration | 121,783 | 250,667 | | 250,667 |
| Total Disbursements | 121,783 | 250,667 | | 250,667 |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | (101,400) | (203,910) | 64,261 | 268,171 |
| Net Change in Fund Balance | (101,400) | (203,910) | 64,261 | 268,171 |
| Fund Balance - Beginning | 101,400 | 203,910 | 203,910 | |
| Fund Balance - Ending | $ 0 | $ 0 | $ 268,171 | $ 268,171 |

**FLEMING COUNTY**
**BUDGETARY COMPARISON SCHEDULES**
**Supplementary Information - Regulatory Basis**
**For The Year Ended June 30, 2025**
**(Continued)**

| | CAPITAL IMPROVEMENT FUND | | | |
|---|---|---|---|---|
| | Budgeted Amounts | | Actual Amounts, (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| | Original | Final | | |
| **RECEIPTS** | | | | |
| Miscellaneous | $ 6,500 | $ 12,730 | $ 12,230 | $ (500) |
| Interest | 5,021 | 7,178 | 9,346 | 2,168 |
| Total Receipts | 11,521 | 19,908 | 21,576 | 1,668 |
| **DISBURSEMENTS** | | | | |
| General Government | 8,000 | 8,000 | | 8,000 |
| Capital Projects | 10,000 | 149,850 | 144,850 | 5,000 |
| Administration | 313,811 | 178,899 | | 178,899 |
| Total Disbursements | 331,811 | 336,749 | 144,850 | 191,899 |
| Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses) | (320,290) | (316,841) | (123,274) | 193,567 |
| **Other Adjustments to Cash (Uses)** | | | | |
| Transfers From Other Funds | | | 106,710 | 106,710 |
| Total Other Adjustments to Cash (Uses) | | | 106,710 | 106,710 |
| Net Change in Fund Balance | (320,290) | (316,841) | (16,564) | 300,277 |
| Fund Balance - Beginning | 320,290 | 316,841 | 316,841 | |
| Fund Balance - Ending | $ 0 | $ 0 | $ 300,277 | $ 300,277 |

# FLEMING COUNTY
# NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES

**June 30, 2025**

## 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.

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

**For The Year Ended June 30, 2025**

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

**For The Year Ended June 30, 2025**

The fiscal court reports the following Schedule of Capital Assets:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| Land and Land Improvements | $ 2,392,380 | $ 96,518 | $ | $ 2,488,898 |
| Buildings | 13,679,291 | | | 13,679,291 |
| Vehicles | 1,511,205 | 669,117 | 369,615 | 1,810,707 |
| Equipment | 1,494,521 | 424,295 | 87,049 | 1,831,767 |
| Infrastructure | 12,538,308 | 1,012,983 | | 13,551,291 |
| Total Capital Assets | $ 31,615,705 | $ 2,202,913 | $ 456,664 | $ 33,361,954 |

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

**June 30, 2025**

## 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 and Land Improvements | $ 12,500 | 10-60 |
| Buildings | $ 25,000 | 10-75 |
| Vehicles | $ 2,500 | 3-25 |
| Equipment | $ 2,500 | 3-25 |
| Infrastructure | $ 20,000 | 10-50 |

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

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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 John Sims, Jr., Fleming County Judge/Executive
Members of the Fleming 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 Fleming County Fiscal Court for the fiscal year ended June 30, 2025, and the related notes to the financial statement which collectively comprise the Fleming County Fiscal Court's financial statement and have issued our report thereon dated July 27, 2026.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2025-001 that we consider to be a significant deficiency.

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

**Report on Compliance and Other Matters**

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

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

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

**Purpose of this Report**

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

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

July 27, 2026

# FLEMING COUNTY
# SCHEDULE OF FINDINGS AND RESPONSES

## For The Year Ended June 30, 2025

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# FLEMING COUNTY
# SCHEDULE OF FINDINGS AND RESPONSES

## For The Year Ended June 30, 2025

### 2025-001 The Fleming County Fiscal Court Did Not Budget Funds Properly

Condition and Context

The Fleming County Fiscal Court did not properly budget for the Alcohol Beverage Control Fund and budgeted receipts for that fund were omitted from its fourth quarter financial statement. Although the county established the Alcohol Beverage Control Fund and only accrued receipts during fiscal year 2025, the fund was not included in the original budget, and no formal budget amendment was adopted when the fund was moved from the General Fund to a separate fund.

In addition, the fourth quarter financial statement reported budgeted amounts did not agree with the original budget and approved amendments for the Community Development Block Grant Fund (CDBG). As a result, the CDBG Fund overstated the approved budget by $85,476.

Cause

The fiscal court did not have adequate controls to actively monitor and verify that all budget changes were supported by formally approved amendments. The county lacked a review process to identify unbudgeted funds, ensure amendments were adopted when new funds were established, and confirm that quarterly financial statements reflected only approved budget actions.

Effect

Failure to properly budget all funds and accurately report budgeted amounts results in noncompliance with state laws and reduces the reliability of the fiscal court's financial statements. These weaknesses limit fiscal oversight and transparency over the use of public resources, may mislead decision-makers and the public, and increase the risk that future reporting errors may go undetected.

Criteria

KRS 68.280 states, "[t]he fiscal court may make provision for the expenditure of receipts unanticipated in the original budget by preparing an amendment to the budget, showing the source and amount of the unanticipated receipts and specifying the budget funds that are to be increased thereby. The amendment shall be submitted to the state local finance officer subject to the same provisions as the original budget."

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." The process for budgeting for all expenditures is a basic internal control necessary to ensure the accuracy and reliability of financial reports. The process for submitting budget amendment requests helps prevent and detect fraud by ensuring that all expenditures are properly documented and authorized before they occur. By requiring a formal amendment for unanticipated expenses, the county establishes a clear audit trail, making it more difficult for unauthorized transactions to go unnoticed. This oversight promotes accountability and transparency, which are critical in safeguarding public funds.

**FLEMING COUNTY**
**SCHEDULE OF FINDINGS AND RESPONSES**
**For The Year Ended June 30, 2025**
**(Continued)**

2025-001 The Fleming County Fiscal Court Did Not Budget Funds Properly (Continued)

Recommendation

We recommend the Fleming County Fiscal Court strengthen controls over the budgeting process to ensure that all funds are properly budgeted in accordance with KRS 68.280. The county should adopt formal budget amendments when funds are added or reclassified and review quarterly reports to verify that all active funds are reflected in the approved budget.

Views of Responsible Official and Planned Corrective Action

*County Judge/Executive's Response: The finding resulted from a computer programming issue rather than a procedural deficiency. Once the issue was identified, the programming was corrected on July 27, 2026, eliminating the cause of the error. The County has verified that the correction has been implemented and that the issue has been fully resolved. Procedures will continue to be monitored to ensure the programming functions as intended and to prevent a recurrence of this issue.*

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

**FLEMING COUNTY FISCAL COURT**

**For The Year Ended June 30, 2025**

Appendix A

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CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE

FLEMING COUNTY FISCAL COURT

For The Year Ended June 30, 2025

The Fleming 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.

Fleming County Judge/Executive

Fleming County Treasurer

# Report On Compliance For The U.S. Department Of Treasury Coronavirus State And Local Fiscal Recovery Funds Program (CSLFRF) Requirements For An Alternative CSLFRF Compliance Examination Engagement Of The Fleming County Fiscal Court

**For The Fiscal Year Ended**
**June 30, 2025**


**ALLISON BALL**
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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Independent Accountant's Report

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

We have examined Fleming County Fiscal Court's compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the CSLFRF section of the 2024 OMB *Compliance Supplement* (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") during the fiscal year ended June 30, 2025. Management of the Fleming County Fiscal Court is responsible for Fleming County Fiscal Court's compliance with the specified requirements. Our responsibility is to express an opinion on Fleming County Fiscal Court's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the "Requirements for an Alternative CSLFRF Compliance Examination Engagement." Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether the Fleming County Fiscal Court complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Fleming County Fiscal Court complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on Fleming County Fiscal Court's compliance with specified requirements.

In our opinion, the Fleming County Fiscal Court complied, in all material respects, with the specified requirements referenced above during the fiscal year ended June 30, 2025.

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

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

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulations, contracts or grant agreements that have a material effect on Fleming County Fiscal Court's compliance with the specified requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on Fleming County Fiscal Court's compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. The results of our tests disclosed no matters that are required to be reported under *Government Auditing Standards*.

**Intended Purpose**

The purpose of this examination report is solely to express an opinion on whether the Fleming County Fiscal Court complied, in all material respects with the specified requirements referenced above during the fiscal year ended June 30, 2025. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Allison Ball

Allison Ball
Auditor of Public Accounts
Frankfort, Ky

July 27, 2026

ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

# COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

The Honorable Fleming County Judge/Executive and Magistrates
Fleming County Fiscal Court

We have audited the Statement of Receipts, Disbursements and Changes in Fund Balances - Regulatory Basis and 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 major programs of the Fleming County Fiscal Court for the year ended June 30, 2025, and have issued our report thereon dated July 27, 2026. Codified Statement on Auditing Standards AU-C 260 requires us to communicate certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that are, in our professional judgement, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. This letter summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility over the Fleming County Fiscal Court financial reporting process.

This information is intended solely for the information and use of the magistrates, and management of the Fleming County Fiscal Court and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Allison Ball

Allison Ball
Auditor of Public Accounts
Frankfort, KY

July 27, 2026

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**Required Communications**

Codified Statement on Auditing Standards AU-C 260 requires the auditor to provide those charged with governance with additional information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and results of the audit that may assist them in overseeing management's financial reporting and disclosure process. For purposes of this statement "those charged with governance" means the person(s) with responsibility for overseeing the strategic direction of the entity and the obligations related to the accountability of the entity, which includes overseeing the financial reporting process. We have identified the Fleming County Judge/Executive and Magistrates as individuals charged with governance.

**Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated April 21, 2026, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (GAAP) or with the regulatory basis prescribed by the laws of Kentucky. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Fleming County Fiscal Court solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and significant noncompliance, and other matters noted during our audit in the audit report dated July 27, 2026.

**Compliance with All Ethics Requirements Regarding Independence**

The engagement team for this engagement and others in our agency have complied with all relevant ethical requirements regarding independence.

**Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you in the planning stage of the audit.

**Significant Risks Identified**

We have identified the following significant risk:

We have identified management override of controls as a significant risk. We are required by professional standards to give special audit consideration to management override of controls. We have identified the risk of improper revenue recognition to be a significant risk in all audit engagements. We are required by professional standards to give special audit consideration to these risks. We have included standard audit procedures in each engagement that specifically address these risks.

**Qualitative Aspects of Accounting Practices**

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Fleming County is included in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year. No matters have come to our attention during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period. The financial statement disclosures are neutral, consistent, and clear.

**Significant Unusual Transactions**

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. No significant, unusual transactions were identified as a result of our audit.

**Identified or Suspected Fraud**

We did not identify or obtain information that indicates fraud may have occurred or was suspected.

**Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit. The employees and management of the Fleming County Fiscal Court provided the auditors with appropriate, timely documentation, and made time available to assist auditors in the performance of audit procedures. The auditors appreciate all of the time and assistance provided to them during the audit.

**Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and the effect, if any, on the opinion in the auditor's report, and communicate them to the appropriate level of management and those charged with governance. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior period on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Fleming County Fiscal Court's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

**Circumstances that Affect the Form and Content of the Auditor's Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report.

An adverse opinion was issued on generally accepted accounting principles because the financial statement is prepared by the Fleming County Fiscal Court on the basis of 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.

**Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated July 27, 2026.

**Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Other Significant Matters, Findings, Issues, Noncompliance with Laws and Regulations, Violations of Contract Provisions or Grant Agreements**

We discussed the following significant findings, issues, or noncompliances that came to our attention during the course of the audit with management, either in person or as the subject of correspondence. Contact the County Judge/Executive for additional details for any of the issues listed below.

- The Fleming County Fiscal Court did not budget funds properly (KRS 68.280, KRS 46.010(2))

In the normal course of our professional association with the Fleming County Fiscal Court we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Fleming County Fiscal Court's auditors.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the regulatory basis of accounting, which differs from accounting principles generally accepted in the United States of America; the method of preparing it has not changed from the prior period; and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**Other Information Included**

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included with the Fleming County Fiscal Court's financial statement, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have the following responsibilities:

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.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

**Modification of the Auditor's Report**

We have made the following modification to our auditor's report, as further described in the Circumstances that Affect the Form and Content of the Auditor's Report section of this letter.

GAAP – Adverse Opinion

This information is intended solely for the information and use of the magistrates, and management of the Fleming County Fiscal Court and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Allison Ball

Allison Ball
Auditor of Public Accounts
Frankfort, KY

July 27, 2026

FLEMING COUNTY
KENTUCKY

*Fleming County Judge Executive*

*John Sims Jr.*

July 27, 2026

Auditor of Public Accounts
209 St. Clair Street
Frankfort, KY 40601

This representation letter is provided in connection with your audit of the financial statement of Fleming County Fiscal Court, as of June 30, 2025, and for the period then ended, and the related notes to the financial statement, for the purpose of expressing an opinion on whether the financial statement is presented fairly, in all material respects, the fund balances of the Fleming County Fiscal Court 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, which is a special purpose framework other than United States (U.S) generally accepted accounting principles.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, 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.

Except where otherwise stated below, immaterial matters less than $8,700 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of July 27, 2026:

**Financial Statement**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 21, 2026, for the preparation and fair presentation of the financial statement of the opinion unit referred to above 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, which is a special purpose framework other than U.S. generally accepted accounting principles.
2. The financial statement referred to above has been fairly 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 and includes all properly classified funds, supplementary information, and notes to the basic financial statement.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
6. We have reviewed, approved, and taken responsibility for the financial statement and related notes.
7. We have a process to track the status of audit findings and recommendations.
8. We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
9. Significant assumptions used by us in making accounting estimates are reasonable.

10. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with requirements of the previously described regulatory basis of accounting.
11. All events subsequent to the date of the financial statement and for which the previously described regulatory basis of accounting requires adjustment or disclosure have been adjusted or disclosed.
12. The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the financial statement as a whole.
13. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with the previously described regulatory basis of accounting.
14. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed, in accordance with the previously described regulatory basis of accounting.
15. All funds and activities are properly classified.
16. All interfund and intra-entity transactions and balances have been properly classified and reported.
17. Special items and extraordinary items have been properly classified and reported.
18. Deposit and investment risks have been properly and fully disclosed.
19. With respect to nonaudit services performed by you: preparation of financial statement note disclosures, we have performed the following:
    a. Made all management decisions and performed all management functions;
    b. Assigned a competent individual to oversee the services;
    c. Evaluated the adequacy of the services performed;
    d. Evaluated and accepted responsibility for the result of the service performed; and
    e. Established and maintained internal controls, including monitoring ongoing activities.

**Supplementary Information in Relation to the Financial Statement as a Whole**

With respect to the budgetary comparison schedules accompanying the financial statement:

a. We acknowledge our responsibility for the presentation of the budgetary comparison schedules 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.
b. We believe the budgetary comparison schedules, including their form and content, are fairly 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.
c. The methods of measurement or presentation have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the budgetary comparison schedules.
d. When the budgetary comparison schedules are not presented with the audited financial statement, management will make the audited financial statement readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.
e. We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
f. We acknowledge our responsibility to present the supplementary information with the audited financial statement or, if the supplementary information will not be presented with the audited financial statement, to make the audited financial statement readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

**Information Provided**

20. We have provided you with:
    a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statement of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;

b. Additional information that you have requested from us for the purpose of the audit; and
c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

21. The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.
22. All transactions have been recorded in the accounting records and are reflected in the financial statement.
23. We have disclosed to you the results of our assessment of the risk that the financial statement may be materially misstated as a result of fraud.
24. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
    a. Management;
    b. Employees who have significant roles in internal control; or
    c. Others where the fraud could have a material effect on the financial statements.
25. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
26. We have disclosed to you all communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
27. We have disclosed to you all guarantees, whether written or oral, under which Fleming County Fiscal Court is contingently liable.
28. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
29. We have no knowledge of any noncompliance with provisions of laws and regulations that have a material effect on the financial statement or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others.
30. We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
31. We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statement.
32. We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
33. There are no:
    a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statement or as a basis for recording a loss contingency, including applicable budget laws and regulations.
    b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*
    c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
34. Fleming County Fiscal Court has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
35. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
36. The reporting package does not contain personally identifiable information.

John Sims, Jr., County Judge/Executive

Miranda Otterback, County Treasurer