

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

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



**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.



To the People of Kentucky
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

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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.

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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
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
Jarrold 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	<u>4,809,285</u>	<u>2,239,074</u>	<u>94,305</u>	<u>93,385</u>
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	<u>3,558,708</u>	<u>2,537,486</u>	<u>569,422</u>	
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>1,250,577</u>	<u>(298,412)</u>	<u>(475,117)</u>	<u>93,385</u>
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)	<u>(1,120,854)</u>	<u>544,215</u>	<u>484,000</u>	
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	<u>\$ 1,074,627</u>	<u>\$ 271,324</u>	<u>\$ 16,184</u>	<u>\$ 231,873</u>
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	<u>\$ 1,074,627</u>	<u>\$ 271,324</u>	<u>\$ 16,184</u>	<u>\$ 231,873</u>

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	<u>12,778</u>	<u>971,582</u>	<u>8,811,964</u>
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		<u>966,356</u>	<u>9,263,200</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>12,778</u>	<u>5,226</u>	<u>(451,236)</u>
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	<u>\$ 12,778</u>	<u>\$ 16,920</u>	<u>\$ 2,286,316</u>
Composition of Fund Balance			
Bank Balance	\$ 12,778	\$ 16,920	\$ 2,308,213
Less: Outstanding Checks			(21,897)
Fund Balance - Ending	<u>\$ 12,778</u>	<u>\$ 16,920</u>	<u>\$ 2,286,316</u>

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

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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.

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

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	<u>\$ 1,134,998</u>	<u>\$ 14,144</u>	<u>\$ 1,149,142</u>

Reason for transfers:

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

Note 4. 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) from the proceeds of any operation of the project or foreclosure and sale 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.

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

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.

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

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	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
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	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
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	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
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	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
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	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
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	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
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	 <u>\$ 31,615,705</u>	 <u>\$ 2,202,913</u>	 <u>\$ 456,664</u>	 <u>\$ 33,361,954</u>

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.



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

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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