

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

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



**ALLISON BALL
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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 Jaime Green-Smith, Lyon County Judge/Executive
Members of the Lyon 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 Lyon County Fiscal Court, for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the Lyon 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 Lyon County Fiscal Court, for the year ended June 30, 2023, in accordance with accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Lyon County Fiscal Court, for the year ended June 30, 2023, or the changes in financial position and cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Fiscal Court Audit Guide* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Lyon County Fiscal Court and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
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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 Lyon 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

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

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Lyon County Fiscal Court's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lyon County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Lyon 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 March 8, 2024, on our consideration of the Lyon 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 Lyon County Fiscal Court's internal control over financial reporting and compliance.

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

March 8, 2024

LYON COUNTY OFFICIALS
For The Year Ended June 30, 2023

Fiscal Court Members:

Jaime Green-Smith	County Judge/Executive
Robert Cummins	Magistrate
Quin Sutton	Magistrate
Jeff Fowler	Magistrate

Other Elected Officials:

Lee Wilson	County Attorney
John Steven Galusha	Jailer
Lori Duff	County Clerk
Kimberly Duncan	Circuit Court Clerk
Brent White	Sheriff
Christie Cruce	Property Valuation Administrator
Kris Dunn	Coroner

Appointed Personnel:

Abbey Guess	County Treasurer
LaKrista Grigg	Chief Financial Officer

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

For The Year Ended June 30, 2023

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

For The Year Ended June 30, 2023

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
RECEIPTS			
Taxes	\$ 1,274,625	\$	\$
In Lieu Tax Payments	442,196		
Licenses and Permits	9,839		
Intergovernmental	3,900,664	1,356,413	106,064
Charges for Services	136,446		38,221
Miscellaneous	71,585	126,927	8,914
Interest	39,054	6,806	618
Total Receipts	<u>5,874,409</u>	<u>1,490,146</u>	<u>153,817</u>
DISBURSEMENTS			
General Government	1,721,840		
Protection to Persons and Property	250,446		374,914
General Health and Sanitation	282,306		
Social Services	8,230		
Recreation and Culture	109,474		
Roads		1,012,827	
Debt Service			
Administration	790,677	241,026	40,002
Total Disbursements	<u>3,162,973</u>	<u>1,253,853</u>	<u>414,916</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>2,711,436</u>	<u>236,293</u>	<u>(261,099)</u>
Other Adjustments to Cash (Uses)			
Change In Payroll Revolving Account	1,090		
Transfers From Other Funds	1,715		250,000
Transfers To Other Funds	(250,250)	(1,465)	
Total Other Adjustments to Cash (Uses)	<u>(247,445)</u>	<u>(1,465)</u>	<u>250,000</u>
Net Change in Fund Balance	2,463,991	234,828	(11,099)
Fund Balance - Beginning (Restated)	<u>1,886,771</u>	<u>148,343</u>	<u>46,986</u>
Fund Balance - Ending	<u>\$ 4,350,762</u>	<u>\$ 383,171</u>	<u>\$ 35,887</u>
Composition of Fund Balance			
Bank Balance	\$ 4,158,569	\$ 419,567	\$ 42,130
Payroll Revolving Account Reconciled Balance	77,685		
Less: Outstanding Checks	(134,492)	(36,396)	(6,243)
Certificates of Deposit	123,000		
Investments	126,000		
Fund Balance - Ending	<u>\$ 4,350,762</u>	<u>\$ 383,171</u>	<u>\$ 35,887</u>

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

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

Budgeted Funds					
HB 577 Fund	ABC Fund	DOJ Asset Forfeiture Fund	Treasury Asset Forfeiture Fund	Clerk Document Storage Fund	Opioid Settlement Fund
\$	\$ 22,363	\$	\$	\$	\$
	2,700				
49,683				15,140	53,246
3,754	364			4	203
<u>53,437</u>	<u>25,427</u>			<u>15,144</u>	<u>53,449</u>
20,076	53,505			14,072	
<u>20,076</u>	<u>53,505</u>			<u>14,072</u>	
33,361	(28,078)			1,072	53,449
				250	
				(250)	
33,361	(28,078)			1,072	53,449
297,808	48,986	310	100		
<u>\$ 331,169</u>	<u>\$ 20,908</u>	<u>\$ 310</u>	<u>\$ 100</u>	<u>\$ 1,072</u>	<u>\$ 53,449</u>
\$ 331,169	\$ 74,413	\$ 310	\$ 100	\$ 2,385	\$ 53,449
	(53,505)			(1,313)	
<u>\$ 331,169</u>	<u>\$ 20,908</u>	<u>\$ 310</u>	<u>\$ 100</u>	<u>\$ 1,072</u>	<u>\$ 53,449</u>

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

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

	<u>Budgeted Fund</u>	<u>Unbudgeted Fund</u>	
	American Rescue Plan Act Fund	Public Properties Corporation Fund	Total Funds
RECEIPTS			
Taxes	\$	\$	\$ 1,296,988
In Lieu Tax Payments			442,196
Licenses and Permits			12,539
Intergovernmental		220,750	5,633,574
Charges for Services			174,667
Miscellaneous			275,812
Interest	14,687		65,490
Total Receipts	<u>14,687</u>	<u>220,750</u>	<u>7,901,266</u>
DISBURSEMENTS			
General Government			1,809,493
Protection to Persons and Property			625,360
General Health and Sanitation			282,306
Social Services			8,230
Recreation and Culture			109,474
Roads			1,012,827
Debt Service		220,750	220,750
Administration	119,151		1,190,856
Total Disbursements	<u>119,151</u>	<u>220,750</u>	<u>5,259,296</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(104,464)</u>		<u>2,641,970</u>
Other Adjustments to Cash (Uses)			
Change In Payroll Revolving Account			1,090
Transfers From Other Funds			251,965
Transfers To Other Funds			(251,965)
Total Other Adjustments to Cash (Uses)			<u>1,090</u>
Net Change in Fund Balance	(104,464)		2,643,060
Fund Balance - Beginning (Restated)	<u>1,170,568</u>		<u>3,599,872</u>
Fund Balance - Ending	<u>\$ 1,066,104</u>	<u>\$ 0</u>	<u>\$ 6,242,932</u>
Composition of Fund Balance			
Bank Balance	\$ 1,066,104	\$	\$ 6,148,196
Payroll Revolving Account Reconciled Balance			77,685
Less: Outstanding Checks			(231,949)
Certificates of Deposit			123,000
Investments			126,000
Fund Balance - Ending	<u>\$ 1,066,104</u>	<u>\$ 0</u>	<u>\$ 6,242,932</u>

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

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TO THE FINANCIAL STATEMENT**

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**LYON COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2023

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

HB 577 Fund - The primary purpose of this fund is to account for courthouse related disbursements. The primary sources of receipts for this fund are state payments.

ABC Fund - The primary purpose of this fund is to account for the alcohol board related expenses of the county. The primary source of receipts for this fund is alcohol regulatory license fees. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

DOJ Asset Forfeiture Fund - The primary purpose of this fund is to account for asset forfeitures from criminal and civil investigations involving federal agencies who assist the sheriff's office.

Treasury Asset Forfeiture Fund - The primary purpose of this fund is to account for asset forfeitures from criminal and civil investigations involving federal agencies who assist the sheriff's office.

Clerk Document Storage Fund - The primary purpose of this fund is to account for the document storage fees for the county clerk and related disbursements. KRS 64.012 requires that the fiscal court hold these funds on the clerk's behalf in perpetuity until spent on allowable document storage disbursements.

Opioid Settlement Fund - The primary purpose of this fund is to account for the receipts and disbursements from the opioid settlements received from the State of Kentucky.

American Rescue Plan Act Fund - The primary purpose of this fund is to account for the receipts and disbursements from the American Rescue Plan Act federal grant program.

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.

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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information (Continued)

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

E. Lyon County Elected Officials

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

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

F. Deposits and Investments

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

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

G. Long-term Obligations

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

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

Note 2. Deposits and Investments

A. Deposits

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

Custodial Credit Risk - Deposits

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

B. Investments

As of June 30, 2023, the fiscal court had the following investments and maturities:

Type	Cost Basis	Maturities (In Years)			
		Less Than 1	1-5	6-10	More Than 10
Certificates of Deposit	\$ 123,000	\$	\$ 123,000	\$	\$
Mortgage Backed Security	126,000				126,000
Total Fund Balance	\$ 249,000	\$ 0	\$ 123,000	\$ 0	\$ 126,000

Custodial Credit Risk is the risk that, in the event of failure of the counterparty, the fiscal court will not be able to recover the value of its certificates of deposit, investments, or collateral securities that are in the possession of an outside party. The fiscal court's investment policy requires counterparties to provide sufficient collateral or other insurance if any investments or deposits exceed the insurance provided by Federal Deposit Insurance Corporation (FDIC) or the Securities Investor Protection Corporation (SIPC). All certificates of deposit and investments must be held by the counterparty in the fiscal court's name. The fiscal court has \$123,000 of certificates of deposit and \$126,000 of investments in securities held by the counterparties' trust departments in the fiscal court's name. The counterparty maintains the \$123,000 of certificates of deposit at depository institutions insured by the FDIC and limits certificates of deposit at each depository institution to the \$250,000 FDIC coverage limit. In addition, the SIPC provides up to \$500,000 coverage for securities and cash (limit of \$250,000 for cash) per client and the counterparties maintain additional insurance coverage for loss of securities and cash above the coverage provided by FDIC and SIPC.

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

Note 2. Deposits and Investments (Continued)

B. Investments (Continued)

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The fiscal court is statutorily limited as to credit ratings, at the time of purchase. KRS 66.480 and the fiscal court's investment policy define the following items as permissible investments:

- 1) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including but not limited to national or state banks chartered in Kentucky;
- 2) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:
 - a. United States Treasury;
 - b. Export-Import Bank of the United States;
 - c. Farmers Home Administration;
 - d. Government National Mortgage Corporation; and
 - e. Merchant Marine bonds.
- 3) Obligations of any corporation of the United States government, including but not limited to:
 - a. Federal Home Loan Mortgage Corporation;
 - b. Federal Farm Credit Banks;
 - c. Bank for Cooperatives;
 - d. Federal Intermediate Credit Banks;
 - e. Federal Land Banks;
 - f. Federal Home Loan Banks;
 - g. Federal National Mortgage Association; and
 - h. Tennessee Valley Authority.
- 4) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution having a physical presence in Kentucky which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240(4);
- 5) Uncollateralized certificates of deposit issued by any bank or savings and loan institution having a physical presence in Kentucky rated in one of the three highest categories by a competent rating agency;
- 6) Bankers' acceptances for banks rated in one of the three highest categories by a competent rating agency;
- 7) Commercial paper rated in the highest category by a competent rating agency;
- 8) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- 9) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one of the three highest categories by a competent rating agency;
- 10) Shares of mutual funds and exchange traded funds, each of which shall have the following characteristics:
 - a. The mutual funds shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended.
 - b. The management company of the investment company shall have been in operation for at least five years; and
 - c. All of the securities in the mutual fund shall be eligible investments pursuant to this section.
- 11) Individual equity securities if the funds being invested are managed by a professional investment manager regulated by a federal regulatory agency. The individual equity securities shall be included within the Standard and Poor's 500 Index, and a single sector shall not exceed twenty-five percent (25%) of the equity allocation; and

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

Note 2. Deposits and Investments (Continued)

B. Investments (Continued)

- 12) Individual high-quality corporate bonds that are managed by a professional investment manager that:
- Are issued, assumed, or guaranteed by a solvent institution created and existing under the laws of the United States;
 - Have a standard maturity of no more than ten years; and
 - Are rated in the three highest rating categories by at least two competent credit rating agencies.

According to KRS 66.480, the fiscal court is limited to investing no more than 20 percent in categories 5, 6, 7, 9, and 10 above per state statute and the fiscal court's investment policy. As of June 30, 2023, the fiscal court has investments of less than 20 percent in these categories.

The fiscal court's rated investments, as of June 30, 2023, and the ratings are presented in the table below. All issuers of the municipal bonds are located in the Commonwealth of Kentucky.

Type	Standard & Poor's/Moody's Credit Ratings					Unrated/NA	Cost Basis
	AAA/Aaa	AA/Aa	A	WR			
Certificates of Deposit	\$	\$	\$	\$		\$ 123,000	\$ 123,000
Mortgage Backed Security						126,000	126,000
Total Fund Balance	\$	0 \$	0 \$	0 \$	0 \$	249,000	\$ 249,000

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the fiscal court's investment in a single issuer. U.S. Government securities and investments in mutual funds are excluded from this risk. The fiscal court does not have 5 percent or more of the fiscal court's investments invested in any single security.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The fiscal court's policy provides that, to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities. See table above for investments listed by type and duration.

Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The fiscal court's policy historically has been to invest only in securities in U.S. denominations.

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

Note 3. Transfers

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

	General Fund	Road Fund	Clerk Document Storage Fund	Total Transfers In
General Fund	\$	\$ 1,465	\$ 250	\$ 1,715
Jail Fund	250,000			250,000
Clerk Document Storage Fund	250			250
Total Transfers Out	<u>\$ 250,250</u>	<u>\$ 1,465</u>	<u>\$ 250</u>	<u>\$ 251,965</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. Leases

A. Lessor-Court Facilities Office Space

During the current fiscal year, Lyon County began leasing office space to the Administrative Office of the Courts (AOC). The lease is for one year and Lyon County will receive quarterly payments of \$34,440, Lyon County recognized \$115,768 in lease revenue during the current fiscal year related to this lease.

Note 5. Long-term Debt

A. Direct Borrowings and Direct Placements

1. General Obligation Bond Anticipation Note, Series 2022 – Tornado Damage FEMA Project

On April 12, 2022, the Lyon County Fiscal Court issued a general obligation bond anticipation note in the amount of \$2,085,000 to be paid by FEMA reimbursement for tornado damage. The note was authorized for the purpose of financing certain emergency costs related to maintaining the public health and safety of the citizens of the county related to tornado damage incurred within the boundaries of the county. The note has a fixed interest rate of 1.5 percent with total principal and interest due on March 20, 2024. Upon an event of default, the trustee will be entitled to sue for, enforce payment on and receive any and all amounts then or during and default becoming, and at any time remaining, due and unpaid from the corporation for principal, redemption price, interest or otherwise, under any provision of the general trust indenture or any series trust indenture or of the bonds, with interest on overdue payments at the rate or rates of interest specified in such bonds, together with any and all costs and expenses of collection and of all proceedings under the general trust indenture and under the bonds, without prejudice to any other right or remedy of the trustee or of the bondholders, and to recover and enforce a judgment or decree against the corporation for any portion of such amounts remaining unpaid, with interest, costs, and expenses, and to collect from any moneys available for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable. The maturity date of the note is April 1, 2024. Future principal and interest requirements are:

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

Note 5. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

1. General Obligation Bond Anticipation Note, Series 2022 – Tornado Damage FEMA Project (Continued)

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 2,085,000	\$ 31,275
Totals	<u>\$ 2,085,000</u>	<u>\$ 31,275</u>

B. Other Debt

1. First Mortgage Revenue Refunding Bonds, Series 2019

The Lyon County Public Properties Corporation issued first mortgage revenue refunding bonds, series 2019 dated December 19, 2019, in the amount of \$823,107 to be used to refinance the financing obligation of the Kentucky Area Development District for the courthouse project. Interest is payable semi-annually at an average rate of 2.06 percent for 4 years. The Lyon County Public Properties Corporation has leased the building to the Commonwealth of Kentucky, Administrative Office of the Courts (AOC), and AOC is providing the debt service payments as prescribed in the aforementioned agreement. Upon the occurrence of an event of default, the lien may be enforced, the mortgage may be foreclosed, and/or the project may be operated by the bank or placed in receivership and/or sold at foreclosure sale. As of June 30, 2023, Lyon County is in compliance with the financing agreement. The principal balance as of June 30, 2023, was \$211,395. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 211,395	\$ 4,355
Totals	<u>\$ 211,395</u>	<u>\$ 4,355</u>

C. Changes In Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 2,085,000	\$	\$	\$ 2,085,000	\$ 2,085,000
Other Debt - Bonds	423,422		212,027	211,395	211,395
Total Long-term Debt	<u>\$ 2,508,422</u>	<u>\$ 0</u>	<u>\$ 212,027</u>	<u>\$ 2,296,395</u>	<u>\$ 2,296,395</u>

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

Note 5. Long-term Debt (Continued)

D. Aggregate Debt Schedule

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

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2024	\$ 211,395	\$ 4,355	\$ 2,085,000	\$ 31,275
Totals	\$ 211,395	\$ 4,355	\$ 2,085,000	\$ 31,275

Note 6. Employee Retirement System

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

The county's contribution for FY 2021 was \$332,239, FY 2022 was \$381,631, and FY 2023 was \$414,420.

Nonhazardous

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

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

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

Note 6. Employee Retirement System (Continued)

Nonhazardous (Continued)

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

The county's contribution rate for nonhazardous employees was 26.79 percent.

Hazardous

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

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

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute eight percent (8%) of their annual creditable compensation and also contribute one percent (1%) to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board of Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A hazardous member's account is credited with a 7.5 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008, aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

The county's contribution rate for hazardous employees was 49.59 percent.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

Note 6. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

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 ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Hazardous employees whose participation began on or after July 1, 2003, earn 15 dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, the employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Benefits are covered under KRS 78.5536.

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

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

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

Tier 2 member benefits are covered by KRS 78.5536. Tier 3 members are not covered by the same provisions.

LYON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(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 fifteen years, they earn fifteen dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually by 1.5 percent. Upon the death of a hazardous employee, the employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

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

D. Cost of Living Adjustments - Tier 1

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

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

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

F. Death Benefit

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

G. Annual Financial Report and Proportionate Share Audit Report

Ky. Ret. Sys. issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

KPPA also issues proportionate share audit reports for both total pension liability and other post-employment benefits for CERS determined by actuarial valuation as well as each participating county's proportionate share. Both the Schedules of Employer Allocations and Pension Amounts by Employer and the Schedules of Employer Allocations and OPEB Amounts by Employer reports and the related actuarial tables are available online at <https://kyret.ky.gov>. The complete actuarial valuation report, including all actuarial assumptions and methods, is also available on the website or can be obtained as described in the paragraph above.

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

Note 7. Deferred Compensation

The Lyon 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. Health Reimbursement Account/Flexible Spending Account

The Lyon County Fiscal Court established a flexible spending account on May 1, 2012, to provide employees an additional health benefit. The county has contracted with Kentucky Employee Health Plan, a state-funded third-party administrator to administer the plan. Each year, the plan provides a debit card to each eligible employee to pay for qualified medical expenses.

Note 9. Insurance

For the fiscal year ended June 30, 2023, the Lyon County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 10. Payroll Revolving Account

The reconciled balance of the payroll revolving account as of June 30, 2023, was added to the general fund cash balance for financial reporting purposes.

Note 11. Prior Period Adjustments

The beginning balance of the road fund was restated by \$110 due to prior year voided checks.

LYON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2023

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LYON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 1,288,000	\$ 1,288,000	\$ 1,274,625	\$ (13,375)
In Lieu Tax Payments	332,000	332,000	442,196	110,196
Licenses and Permits	9,000	9,000	9,839	839
Intergovernmental	3,492,010	3,492,010	3,900,664	408,654
Charges for Services	128,000	128,000	136,446	8,446
Miscellaneous	12,000	12,000	71,585	59,585
Interest	8,000	8,000	39,054	31,054
Total Receipts	<u>5,269,010</u>	<u>5,269,010</u>	<u>5,874,409</u>	<u>605,399</u>
DISBURSEMENTS				
General Government	1,616,881	1,770,901	1,721,840	49,061
Protection to Persons and Property	123,139	265,212	250,446	14,766
General Health and Sanitation	278,250	311,050	282,306	28,744
Social Services	9,000	9,000	8,230	770
Recreation and Culture	118,000	118,000	109,474	8,526
Debt Service	2,040,008	2,040,008		2,040,008
Administration	2,446,996	2,460,415	790,677	1,669,738
Total Disbursements	<u>6,632,274</u>	<u>6,974,586</u>	<u>3,162,973</u>	<u>3,811,613</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,363,264)</u>	<u>(1,705,576)</u>	<u>2,711,436</u>	<u>4,417,012</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	223,214	223,214	1,715	(221,499)
Transfers To Other Funds	<u>(393,450)</u>	<u>(393,450)</u>	<u>(250,250)</u>	<u>143,200</u>
Total Other Adjustments to Cash (Uses)	<u>(170,236)</u>	<u>(170,236)</u>	<u>(248,535)</u>	<u>(78,299)</u>
Net Change in Fund Balance	(1,533,500)	(1,875,812)	2,462,901	4,338,713
Fund Balance - Beginning	<u>1,533,500</u>	<u>1,875,812</u>	<u>1,886,771</u>	<u>10,959</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,349,672</u>	<u>\$ 4,349,672</u>

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

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,293,426	\$ 1,373,426	\$ 1,356,413	\$ (17,013)
Miscellaneous	88,000	88,000	126,927	38,927
Interest	1,500	1,500	6,806	5,306
Total Receipts	<u>1,382,926</u>	<u>1,462,926</u>	<u>1,490,146</u>	<u>27,220</u>
DISBURSEMENTS				
Roads	938,512	1,042,666	1,012,827	29,839
Administration	346,200	345,953	241,026	104,927
Total Disbursements	<u>1,284,712</u>	<u>1,388,619</u>	<u>1,253,853</u>	<u>134,766</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>98,214</u>	<u>74,307</u>	<u>236,293</u>	<u>161,986</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(223,214)	(223,214)	(1,465)	221,749
Total Other Adjustments to Cash (Uses)	<u>(223,214)</u>	<u>(223,214)</u>	<u>(1,465)</u>	<u>221,749</u>
Net Change in Fund Balance	(125,000)	(148,907)	234,828	383,735
Fund Balance - Beginning (Restated)	<u>125,000</u>	<u>148,907</u>	<u>148,343</u>	<u>(564)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 383,171</u>	<u>\$ 383,171</u>

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

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 95,500	\$ 95,500	\$ 106,064	\$ 10,564
Charges for Services	11,000	11,000	38,221	27,221
Miscellaneous	100	100	8,914	8,814
Interest	300	300	618	318
Total Receipts	<u>106,900</u>	<u>106,900</u>	<u>153,817</u>	<u>46,917</u>
DISBURSEMENTS				
Protection to Persons and Property	458,200	465,600	374,914	90,686
Administration	77,150	81,736	40,002	41,734
Total Disbursements	<u>535,350</u>	<u>547,336</u>	<u>414,916</u>	<u>132,420</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(428,450)</u>	<u>(440,436)</u>	<u>(261,099)</u>	<u>179,337</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	393,450	393,450	250,000	(143,450)
Total Other Adjustments to Cash (Uses)	<u>393,450</u>	<u>393,450</u>	<u>250,000</u>	<u>(143,450)</u>
Net Change in Fund Balance	(35,000)	(46,986)	(11,099)	35,887
Fund Balance - Beginning	<u>35,000</u>	<u>46,986</u>	<u>46,986</u>	<u>46,986</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 35,887</u>	<u>\$ 35,887</u>

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

	HB 577 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 30,000	\$ 30,000	\$ 49,683	\$ 19,683
Interest	1,000	1,000	3,754	2,754
Total Receipts	<u>31,000</u>	<u>31,000</u>	<u>53,437</u>	<u>22,437</u>
DISBURSEMENTS				
General Government	21,000	21,000	20,076	924
Administration	260,000	307,808		307,808
Total Disbursements	<u>281,000</u>	<u>328,808</u>	<u>20,076</u>	<u>308,732</u>
Net Change in Fund Balance	(250,000)	(297,808)	33,361	331,169
Fund Balance - Beginning	<u>250,000</u>	<u>297,808</u>	<u>297,808</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 331,169</u>	<u>\$ 331,169</u>

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

	ABC FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 20,000	\$ 20,000	\$ 22,363	\$ 2,363
Licenses and Permits	1,500	1,500	2,700	1,200
Interest	50	50	364	314
Total Receipts	<u>21,550</u>	<u>21,550</u>	<u>25,427</u>	<u>3,877</u>
DISBURSEMENTS				
General Government	40,500	54,005	53,505	500
Administration	21,050	16,531		16,531
Total Disbursements	<u>61,550</u>	<u>70,536</u>	<u>53,505</u>	<u>17,031</u>
Net Change in Fund Balance	(40,000)	(48,986)	(28,078)	20,908
Fund Balance - Beginning	<u>40,000</u>	<u>48,986</u>	<u>48,986</u>	<u></u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,908</u>	<u>\$ 20,908</u>

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

	DOJ ASSET FORFEITURE FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
DISBURSEMENTS				
Administration	\$ 310	\$ 310	\$	\$ 310
Total Disbursements	<u>310</u>	<u>310</u>	<u></u>	<u>310</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(310)</u>	<u>(310)</u>	<u></u>	<u>310</u>
Net Change in Fund Balance	(310)	(310)		310
Fund Balance - Beginning	<u>310</u>	<u>310</u>	<u>310</u>	<u></u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 310</u>	<u>\$ 310</u>

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

TREASURY ASSET FORFEITURE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
DISBURSEMENTS				
Administration	\$ 100	\$ 100	\$	\$ 100
Total Disbursements	100	100		100
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(100)	(100)		100
Net Change in Fund Balance	(100)	(100)		100
Fund Balance - Beginning	100	100	100	
Fund Balance - Ending	\$ 0	\$ 0	\$ 100	\$ 100

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

CLERK DOCUMENT STORAGE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 25,000	\$ 25,000	\$ 15,140	\$ (9,860)
Interest	25	25	4	(21)
Total Receipts	<u>25,025</u>	<u>25,025</u>	<u>15,144</u>	<u>(9,881)</u>
DISBURSEMENTS				
General Government	17,950	17,950	14,072	3,878
Administration	7,075	7,075	—	7,075
Total Disbursements	<u>25,025</u>	<u>25,025</u>	<u>14,072</u>	<u>10,953</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>1,072</u>	<u>1,072</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			250	250
Transfers To Other Funds			(250)	(250)
Total Other Adjustments to Cash (Uses)			<u>—</u>	<u>—</u>
Net Change in Fund Balance			1,072	1,072
Fund Balance - Beginning			<u>—</u>	<u>—</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,072</u>	<u>\$ 1,072</u>

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

OPIOID SETTLEMENT FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Miscellaneous	\$	\$	\$ 53,246	\$ 53,246
Interest			203	203
Total Receipts			53,449	53,449
Net Change in Fund Balance			53,449	53,449
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 53,449	\$ 53,449

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

AMERICAN RESCUE PLAN ACT FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 1,000	\$ 1,000	\$ 14,687	\$ 13,687
Total Receipts	1,000	1,000	14,687	13,687
DISBURSEMENTS				
Administration	1,161,000	1,171,568	119,151	1,052,417
Total Disbursements	1,161,000	1,171,568	119,151	1,052,417
Net Change in Fund Balance	(1,160,000)	(1,170,568)	(104,464)	1,066,104
Fund Balance - Beginning	1,160,000	1,170,568	1,170,568	
Fund Balance - Ending	\$ 0	\$ 0	\$ 1,066,104	\$ 1,066,104

LYON COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2023

Note 1. Budgetary Information

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

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

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

Note 2. Reconciliation of the General Fund

Total Other Adjustments to Cash (Uses) - Budgetary Basis	\$ (248,535)
To adjust for change in Payroll Revolving Account	<u>1,090</u>
Total Other Adjustments to Cash (Uses) - Regulatory Basis	<u>\$ (247,445)</u>
Fund Balance - Ending - Budgetary Basis	\$ 4,349,672
To adjust for change in Payroll Revolving Account	<u>1,090</u>
Total Fund Balance - Ending - Regulatory Basis	<u><u>\$ 4,350,762</u></u>

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

For The Year Ended June 30, 2023

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LYON COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2023

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 792,403	\$	\$	\$ 792,403
Buildings and Building Improvements	8,206,690			8,206,690
Machinery and Equipment	1,108,370	85,073	12,235	1,181,208
Vehicles	770,971	73,000	53,659	790,312
Infrastructure	9,690,056	192,609		9,882,665
 Total Capital Assets	 <u>\$ 20,568,490</u>	 <u>\$ 350,682</u>	 <u>\$ 65,894</u>	 <u>\$ 20,853,278</u>

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

June 30, 2023

Note 1. Capital Assets

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

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

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF 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 Jaime Green-Smith, Lyon County Judge/Executive
Members of the Lyon 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 Lyon County Fiscal Court for the fiscal year ended June 30, 2023 and the related notes to the financial statement which collectively comprise the Lyon County Fiscal Court's financial statement and have issued our report thereon dated March 8, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Lyon 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 Lyon County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lyon 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 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



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

Purpose of this Report

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

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

March 8, 2024