

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

**For The Year Ended
June 30, 2018**



**MIKE HARMON
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CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT	1
LYON COUNTY OFFICIALS.....	4
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS	6
NOTES TO FINANCIAL STATEMENT	9
BUDGETARY COMPARISON SCHEDULES.....	21
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES.....	27
SCHEDULE OF CAPITAL ASSETS	31
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - SCHEDULE OF CAPITAL ASSETS	32
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 <i>GOVERNMENT AUDITING STANDARDS</i>	35

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
The Honorable Matthew G. Bevin, Governor
William M. Landrum III, Secretary
Finance and Administration Cabinet
The Honorable Wade White, Lyon County Judge/Executive
Members of the Lyon County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Lyon County Fiscal Court, for the year ended June 30, 2018, 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.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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



To the People of Kentucky
The Honorable Matthew G. Bevin, Governor
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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.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Lyon County Fiscal Court as of June 30, 2018, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of the Lyon County Fiscal Court as of June 30, 2018, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

Other Matters

Supplementary Information

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 and the Capital Asset Schedule are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

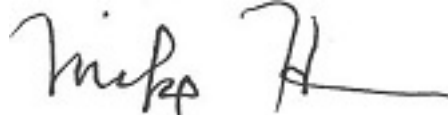
The accompanying Budgetary Comparison Schedules and Capital Asset Schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures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

To the People of Kentucky
The Honorable Matthew G. Bevin, Governor
William M. Landrum III, Secretary
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Members of the Lyon County Fiscal Court

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2019, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lyon County Fiscal Court's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts

June 5, 2019

LYON COUNTY OFFICIALS
For The Year Ended June 30, 2018

Fiscal Court Members:

Wade White	County Judge/Executive
Steve Cruce	Magistrate
Bobby Cummins	Magistrate
Danny Walker	Magistrate

Other Elected Officials:

Lee Wilson	County Attorney
Steve Galusha	Jailer
Lori Duff	County Clerk
Rebecca Howard	Circuit Court Clerk
Kent Murphy	Sheriff
Christie Cruce	Property Valuation Administrator
Ronnie Patton	Coroner

Appointed Personnel:

Kathy Coursey	County Treasurer
Krista Grigg	Financial Officer

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

For The Year Ended June 30, 2018

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

For The Year Ended June 30, 2018

	Budgeted Funds		
	General Fund	Road Fund	Jail Fund
RECEIPTS			
Taxes	\$ 941,578	\$	\$
In Lieu Tax Payments	418,769	50,535	
Excess Fees	9,981		
Licenses and Permits			
Intergovernmental	1,169,547	1,262,270	104,402
Charges for Services	79,775		27,519
Miscellaneous	21,430	54,411	
Interest	8,787	667	8
Total Receipts	<u>2,649,867</u>	<u>1,367,883</u>	<u>131,929</u>
DISBURSEMENTS			
General Government	1,205,361		
Protection to Persons and Property	223,416		226,528
General Health and Sanitation	312,756		
Social Services	6,132		
Recreation and Culture	140,536		
Roads		1,423,101	
Debt Service			
Administration	616,627	202,942	27,309
Total Disbursements	<u>2,504,828</u>	<u>1,626,043</u>	<u>253,837</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>145,039</u>	<u>(258,160)</u>	<u>(121,908)</u>
Other Adjustments to Cash (Uses)			
Change In Payroll Revolving Account	454		
Transfers From Other Funds	4,569	75,000	120,000
Transfers To Other Funds	(204,364)		
Total Other Adjustments to Cash (Uses)	<u>(199,341)</u>	<u>75,000</u>	<u>120,000</u>
Net Change in Fund Balance	(54,302)	(183,160)	(1,908)
Fund Balance - Beginning (Restated)	1,604,178	288,184	23,088
Fund Balance - Ending	<u>\$ 1,549,876</u>	<u>\$ 105,024</u>	<u>\$ 21,180</u>
Composition of Fund Balance			
Bank Balance	\$ 953,307	\$ 116,692	\$ 47,295
Payroll Revolving Account Reconciled Balance	10,991		
Less: Outstanding Checks	(23,087)	(11,668)	(26,115)
Certificates of Deposit	608,665		
Fund Balance - Ending	<u>\$ 1,549,876</u>	<u>\$ 105,024</u>	<u>\$ 21,180</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, 2018
(Continued)

<u>Budgeted Funds</u>			<u>Unbudgeted Fund</u>	
<u>House Bill 577 Fund</u>	<u>ABC Fund</u>	<u>Poor Farm Fund</u>	<u>Public Properties Corporation Fund</u>	<u>Total Funds</u>
\$	\$ 6,282	\$	\$	\$ 947,860
				469,304
				9,981
	1,800			1,800
35,289			439,405	3,010,913
				107,294
				75,841
4,166	16	53	111	13,808
<u>39,455</u>	<u>8,098</u>	<u>53</u>	<u>439,516</u>	<u>4,636,801</u>
180,221				1,385,582
				449,944
		1,511		314,267
				6,132
				140,536
				1,423,101
			436,705	436,705
	14		2,700	849,592
<u>180,221</u>	<u>14</u>	<u>1,511</u>	<u>439,405</u>	<u>5,005,859</u>
(140,766)	8,084	(1,458)	111	(369,058)
				454
	9,364			208,933
<u>(4,569)</u>				<u>(208,933)</u>
<u>(4,569)</u>	<u>9,364</u>			<u>454</u>
(145,335)	17,448	(1,458)	111	(368,604)
754,976		34,741	4,702	2,709,869
<u>\$ 609,641</u>	<u>\$ 17,448</u>	<u>\$ 33,283</u>	<u>\$ 4,813</u>	<u>\$ 2,341,265</u>
\$ 99,595	\$ 17,448	\$ 33,296	\$ 4,813	\$ 1,272,446
				10,991
(7,211)		(13)		(68,094)
517,257				1,125,922
<u>\$ 609,641</u>	<u>\$ 17,448</u>	<u>\$ 33,283</u>	<u>\$ 4,813</u>	<u>\$ 2,341,265</u>

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

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENT**

NOTE 1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	9
NOTE 2.	DEPOSITS	11
NOTE 3.	TRANSFERS.....	12
NOTE 4.	LONG-TERM DEBT	12
NOTE 5.	EMPLOYEE RETIREMENT SYSTEM	14
NOTE 6.	DEFERRED COMPENSATION.....	17
NOTE 7.	HEALTH REIMBURSEMENT ACCOUNT/FLEXIBLE SPENDING ACCOUNT	17
NOTE 8.	INSURANCE.....	17
NOTE 9.	PAYROLL REVOLVING ACCOUNT	18
NOTE 10.	PRIOR PERIOD ADJUSTMENTS	18

**LYON COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2018

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 as the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

B. Basis of Accounting

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

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

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

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

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

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

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of receipts for this fund are reimbursements from the state and federal governments, 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, 2018
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

House Bill 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 the Alcohol Regulatory License Fee. The Department of Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

Poor Farm Fund - The primary purpose of this fund is to account for the proceeds for specific revenue sources and disbursements that are legally restricted for specific purposes.

Unbudgeted Fund

The fiscal court reports the following unbudgeted funds:

Public Properties Corporation Fund - The primary purpose of this fund is to account for debt service payments made by the Administrative Office of the Courts (AOC) for the payment of debt on the judicial building bond issue.

D. Budgetary Information

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

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

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

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.

LYON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2018
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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.

Note 2. Deposits

The fiscal court maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC 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.

LYON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2018
(Continued)

Note 2. Deposits (Continued)

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 KRS 66.480(1)(d) and KRS 41.240. As of June 30, 2018, public funds were exposed to custodial credit risk because the bank did not adequately collateralize the fiscal court's deposits in accordance with the security agreement.

- Uncollateralized and Uninsured \$242,990

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2018.

	General Fund	House Bill 577 Fund	Total Transfers In
General Fund	\$	\$ 4,569	\$ 4,569
Road Fund	75,000		75,000
Jail Fund	120,000		120,000
ABC Fund	9,364		9,364
Total Transfers Out	<u>\$ 204,364</u>	<u>\$ 4,569</u>	<u>\$ 208,933</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. Long-term Debt

A. Financing Obligation - Judicial Facility Project

On February 12, 2008 Lyon County entered into a financing obligation agreement with the Kentucky Area Development District for refinancing of the courthouse project in the amount of \$900,000. The prior debt principal was retired in the amount of \$845,000. Interest is payable semi-annually at an average rate of 5.79 percent for 16 years. The Commonwealth of Kentucky, Administrative Office of the Courts (AOC) is providing the debt service payments as prescribed in the aforementioned lease. As of June 30, 2018, Lyon County is in compliance with the terms of the lease agreement. The principal balance as of June 30, 2018, was \$810,000. Future financing obligations principal and interest requirements are as follows:

LYON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2018
(Continued)

Note 4. Long-term Debt (Continued)

A. Financing Obligation – Judicial Facility Project (Continued)

Fiscal Year Ending June 30	Principal	Scheduled Interest
2019	\$ 10,000	\$ 40,920
2020	10,000	40,460
2021	190,000	40,000
2022	195,000	30,500
2023	200,000	20,750
2024	205,000	10,750
Totals	<u>\$ 810,000</u>	<u>\$ 183,380</u>

B. First Mortgage Revenue Refunding Bonds, Series 2009

The Lyon County Public Properties Corporation issued First Mortgage Revenue Refunding Bonds, Series 2009 dated September 1, 2009, for \$3,375,000 to be used to refinance the First Mortgage Revenue Bonds, Series 1999. Interest is payable semi-annually for 10 years and varies from 1.0 percent to 3.6 percent. 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. As of June 30, 2018, Lyon County is in compliance with the bond agreement. The principal balance as of June 30, 2018, was \$725,000. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2019	\$ 365,000	\$ 25,005
2020	360,000	12,960
Totals	<u>\$ 725,000</u>	<u>\$ 37,965</u>

C. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds	\$ 1,075,000	\$	\$ 350,000	\$ 725,000	\$ 365,000
Financing Obligations	820,000		10,000	810,000	10,000
Total Long-term Debt	<u>\$ 1,895,000</u>	<u>\$ 0</u>	<u>\$ 360,000</u>	<u>\$ 1,535,000</u>	<u>\$ 375,000</u>

LYON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2018
(Continued)

Note 5. Employee Retirement System

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (KRS). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute.

The county's contribution for FY 2016 was \$219,940, FY 2017 was \$251,807, and FY 2018 was \$264,905.

Nonhazardous

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

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

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

The county's contribution rate for nonhazardous employees was 19.18 percent.

Hazardous

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

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

LYON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2018
(Continued)

Note 5. Employee Retirement System (Continued)

Hazardous (Continued)

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute 8 percent of their annual creditable compensation and also contribute 1 percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board 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 31.55 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:

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 161.714 with exception of COLA and retiree health benefits after July 2003.

LYON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2018
(Continued)

Note 5. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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

Once members reach a minimum vesting period of 15 years, 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%. 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 161.714 with exception of COLA and retiree health benefits after July 2003. Tier 3 members are not covered by the same provisions.

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

Once members reach a minimum vesting period of 15 years, 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%. 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% 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 KRS benefits. During the 2008 Special Session, the General Assembly determined that each July beginning in 2009, retirees who have been receiving a retirement allowance for at least 12 months will receive an automatic COLA of 1.5%. 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, KRS will pay a \$5,000 death benefit payment to the beneficiary designated by the member specifically for this benefit. Members with multiple accounts are entitled to only one death benefit.

LYON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2018
(Continued)

Note 5. Employee Retirement System (Continued)

KRS Annual Financial Report and Proportionate Share Audit Report

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

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

Note 6. 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 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

Note 7. 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 a Kentucky Employee's Health Plan, a state funded third-party administrator, to administer the plan. The plan provides a debit card to each eligible employee each year to pay for qualified medical expenses.

Note 8. Insurance

For the fiscal year ended June 30, 2018, 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.

LYON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2018
(Continued)

Note 9. Payroll Revolving Account

The reconciled balance of the payroll revolving account as of June 30, 2018, was added to the general fund cash balance for financial reporting purposes.

Note 10. Prior Period Adjustments

The following adjustments were made to the prior year ending fund balances:

	General Fund	House Bill 577 Fund
Ending Cash Balance Prior Year	\$ 1,599,852	\$ 753,118
Adjustments:		
Unposted Interest	4,326	1,590
Prior Year Voided Checks		268
Beginning Fund Balance (Restated)	<u>\$ 1,604,178</u>	<u>\$ 754,976</u>

LYON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2018

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LYON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2018

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 925,000	\$ 927,207	\$ 941,578	\$ 14,371
In Lieu Tax Payments	335,000	373,665	418,769	45,104
Excess Fees	10,500	10,500	9,981	(519)
Intergovernmental	921,948	1,055,707	1,169,547	113,840
Charges for Services	62,200	62,200	79,775	17,575
Miscellaneous	9,000	9,000	21,430	12,430
Interest	4,000	4,000	8,787	4,787
Total Receipts	<u>2,267,648</u>	<u>2,442,279</u>	<u>2,649,867</u>	<u>207,588</u>
DISBURSEMENTS				
General Government	1,322,631	1,338,056	1,205,361	132,695
Protection to Persons and Property	195,167	250,538	223,416	27,122
General Health and Sanitation	270,934	346,842	312,756	34,086
Social Services	11,000	11,000	6,132	4,868
Recreation and Culture	170,000	161,896	140,536	21,360
Capital Projects	650,000	650,000		650,000
Administration	1,087,916	1,009,920	616,627	393,293
Total Disbursements	<u>3,707,648</u>	<u>3,768,252</u>	<u>2,504,828</u>	<u>1,263,424</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,440,000)</u>	<u>(1,325,973)</u>	<u>145,039</u>	<u>1,471,012</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			4,569	4,569
Transfers To Other Funds	<u>(260,000)</u>	<u>(260,000)</u>	<u>(204,364)</u>	<u>55,636</u>
Total Other Adjustments to Cash (Uses)	<u>(260,000)</u>	<u>(260,000)</u>	<u>(199,795)</u>	<u>60,205</u>
Net Change in Fund Balance	(1,700,000)	(1,585,973)	(54,756)	1,531,217
Fund Balance - Beginning (Restated)	<u>1,700,000</u>	<u>1,586,073</u>	<u>1,593,641</u>	<u>7,568</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 100</u>	<u>\$ 1,538,885</u>	<u>\$ 1,538,785</u>

LYON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2018
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
In Lieu Tax Payments	\$ 45,000	\$ 45,000	\$ 50,535	\$ 5,535
Intergovernmental	1,122,818	1,242,996	1,262,270	19,274
Miscellaneous	39,500	39,500	54,411	14,911
Interest	800	800	667	(133)
Total Receipts	<u>1,208,118</u>	<u>1,328,296</u>	<u>1,367,883</u>	<u>39,587</u>
DISBURSEMENTS				
Roads	1,229,252	1,436,301	1,423,101	13,200
Administration	313,866	255,179	202,942	52,237
Total Disbursements	<u>1,543,118</u>	<u>1,691,480</u>	<u>1,626,043</u>	<u>65,437</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(335,000)</u>	<u>(363,184)</u>	<u>(258,160)</u>	<u>105,024</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	75,000	75,000	75,000	
Total Other Adjustments to Cash (Uses)	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	
Net Change in Fund Balance	(260,000)	(288,184)	(183,160)	105,024
Fund Balance - Beginning	<u>260,000</u>	<u>288,184</u>	<u>288,184</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 105,024</u>	<u>\$ 105,024</u>

LYON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2018
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 102,000	\$ 102,000	\$ 104,402	\$ 2,402
Charges for Services	25,000	25,000	27,519	2,519
Miscellaneous	100	100		(100)
Interest	5	5	8	3
Total Receipts	<u>127,105</u>	<u>127,105</u>	<u>131,929</u>	<u>4,824</u>
DISBURSEMENTS				
Protection to Persons and Property	285,086	285,686	226,528	59,158
Administration	37,019	49,507	27,309	22,198
Total Disbursements	<u>322,105</u>	<u>335,193</u>	<u>253,837</u>	<u>81,356</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(195,000)</u>	<u>(208,088)</u>	<u>(121,908)</u>	<u>86,180</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>185,000</u>	<u>185,000</u>	<u>120,000</u>	<u>(65,000)</u>
Total Other Adjustments to Cash (Uses)	<u>185,000</u>	<u>185,000</u>	<u>120,000</u>	<u>(65,000)</u>
Net Change in Fund Balance	(10,000)	(23,088)	(1,908)	21,180
Fund Balance - Beginning	<u>10,000</u>	<u>23,088</u>	<u>23,088</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21,180</u>	<u>\$ 21,180</u>

LYON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2018
(Continued)

	HOUSE BILL 577 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 35,000	\$ 35,000	\$ 35,289	\$ 289
Interest	1,000	1,000	4,166	3,166
Total Receipts	<u>36,000</u>	<u>36,000</u>	<u>39,455</u>	<u>3,455</u>
DISBURSEMENTS				
General Government	776,000	778,000	180,221	597,779
Administration		11,119		11,119
Total Disbursements	<u>776,000</u>	<u>789,119</u>	<u>180,221</u>	<u>608,898</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(740,000)</u>	<u>(753,119)</u>	<u>(140,766)</u>	<u>612,353</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(4,569)	(4,569)
Total Other Adjustments to Cash (Uses)			<u>(4,569)</u>	<u>(4,569)</u>
Net Change in Fund Balance	(740,000)	(753,119)	(145,335)	607,784
Fund Balance - Beginning (Restated)	<u>740,000</u>	<u>753,119</u>	<u>754,976</u>	<u>1,857</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 609,641</u>	<u>\$ 609,641</u>

LYON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2018
(Continued)

	ABC FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$		\$ 6,282	\$ 6,282
Licenses and Permits			1,800	1,800
Interest			16	16
Total Receipts			<u>8,098</u>	<u>8,098</u>
DISBURSEMENTS				
Administration		100	14	86
Total Disbursements		<u>100</u>	<u>14</u>	<u>86</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(100)</u>	<u>8,084</u>	<u>8,184</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			9,364	9,364
Total Other Adjustments to Cash (Uses)			<u>9,364</u>	<u>9,364</u>
Net Change in Fund Balance		(100)	17,448	17,548
Fund Balance - Beginning				
Fund Balance - Ending	\$	<u>0</u>	\$ <u>17,448</u>	\$ <u>17,548</u>

LYON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2018
(Continued)

	POOR FARM FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 30	\$ 30	\$ 53	\$ 23
Total Receipts	30	30	53	23
DISBURSEMENTS				
General Health and Sanitation	34,530	34,530	1,511	33,019
Total Disbursements	34,530	34,530	1,511	33,019
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(34,500)	(34,500)	(1,458)	33,042
Net Change in Fund Balance	(34,500)	(34,500)	(1,458)	33,042
Fund Balance - Beginning	34,500	34,500	34,741	241
Fund Balance - Ending	\$ 0	\$ 0	\$ 33,283	\$ 33,283

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

June 30, 2018

Note 1. Budgetary Information

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

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

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

Note 2. Reconciliation of the General Fund

The *Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis* differs from the *Budgetary Comparison Schedule* for the general fund for in "Other Adjustments to cash (Uses)" and ending fund balance due to the change in the payroll revolving account balance and the balance of the payroll revolving account, as noted below.

Other Adjustments to Cash (Uses) - Budgetary Basis	\$ (199,795)
To adjust for Change in Payroll Revolving Account	<u>454</u>
Total Other Adjustment to Cash (Uses) - Regulatory Basis	<u>\$ (199,341)</u>
Fund Balance Ending - Budgetary Basis	\$ 1,538,885
To adjust for Payroll Revolving Account Balance	<u>10,991</u>
Total Fund Balance - Ending - Regulatory Basis	<u>\$ 1,549,876</u>

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

For The Year Ended June 30, 2018

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LYON COUNTY
SCHEDULE OF CAPITAL ASSETS
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2018

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	8,206,690			8,206,690
Vehicles and Equipment	1,519,462	188,325	32,113	1,675,674
Infrastructure	6,717,602	708,483		7,426,085
 Total Capital Assets	 \$ 17,236,157	 \$ 896,808	 \$ 32,113	 \$ 18,100,852

LYON COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - SCHEDULE OF CAPITAL ASSETS

June 30, 2018

Note 1. Capital Assets

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

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 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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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Wade White, Lyon County Judge/Executive
Members of the Lyon County Fiscal Court

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

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Lyon County Fiscal Court for the fiscal year ended June 30, 2018, 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 June 5, 2019.

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) to determine 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 over financial reporting that might be material weaknesses or significant deficiencies. 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. However, material weaknesses may exist that have not been 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)

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other 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,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal flourish extending to the right.

Mike Harmon
Auditor of Public Accounts

June 5, 2019