

To the citizens of Laurel County:

A copy of the complete auditor's report, including financial statements, supplements and supplemental information are on file in the County Judge Executive's office and are available for public inspection during normal business hours. Any citizen may obtain a copy of the Auditor's report, including financial statements and supplemental information for their personal use. Citizens requesting a personal copy of the report will be charged for duplication cost at a rate that shall not exceed twenty-five cents (0.25) per page.

Note: the audit report cannot be copied and given to a citizen unless the entire report is copied. Copies of the financial statements prepared in accordance with KRS 434.220 is available to the public at the Laurel County Judge Executive's office 101 South Main Street, Rm 320, London, Kentucky 40741.



To the People of Kentucky
 Honorable Andrew G. Beshear, Governor
 Holly M. Johnson, Secretary
 Finance and Administration Cabinet
 Honorable David Westerfield, Laurel County Judge/Executive
 Members of the Laurel County Fiscal Court

Independent Auditors' Report

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 Laurel County Fiscal Court, for the year ended June 30, 2024, and the related notes to the financial statement, which collectively comprise the Laurel 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 Laurel County Fiscal Court, for the year ended June 30, 2024, 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 does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Laurel County Fiscal Court, for the year ended June 30, 2024, 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 Laurel 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.

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 Laurel 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

Laurel 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 Laurel 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Laurel County Fiscal Court's ability to continue as a going concern for a reasonable period of time

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Laurel County Fiscal Court. The Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) 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 Schedule of Expenditures of Federal Awards 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 Schedule of Expenditures of Federal Awards 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 3, 2026, on our consideration of the Laurel 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 Laurel County Fiscal Court's internal control over financial reporting and compliance.

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

- 2024-001 The High Intensity Drug Trafficking Awareness (HIDTA) Fund Should Be Treated As A Fund Of The Laurel County Fiscal Court
- 2024-002 The Laurel County Section 8 Housing Fund Should Be Treated As A Fund Of The Laurel County Fiscal Court
- 2024-003 The Laurel County Fiscal Court Lacks Adequate Segregation Of Duties Over Occupational Tax And Net Profit Tax Collections
- 2024-004 The Laurel County Fiscal Court Did Not Accurately Report Encumbrances

Abner & Cox, PLLC

Abner & Cox, PLLC
 London, Kentucky

February 3, 2026

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

For The Year Ended June 30, 2024

	GENERAL FUND			
	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 4,448,500	\$ 4,448,500	\$ 4,880,356	\$ 431,856
Excess Fees	404,500	404,500	355,494	(49,006)
Licenses and Permits	545,200	545,200	570,197	24,997
Intergovernmental	941,500	4,898,023	4,871,038	(26,985)
Charges for Services	12,000	12,000	9,150	(2,850)
Miscellaneous	1,300,069	1,300,069	1,615,087	315,018
Interest	5,500	5,500	27,615	22,115
Total Receipts	<u>7,657,269</u>	<u>11,613,792</u>	<u>12,328,937</u>	<u>715,145</u>
DISBURSEMENTS				
General Government	4,700,070	10,796,600	7,904,766	2,891,834
Protection to Persons and Property	3,715,636	3,575,103	3,482,442	92,661
General Health and Sanitation	568,850	806,803	718,395	88,408
Social Services	65,500	75,500	55,250	20,250
Recreation and Culture	826,600	975,822	974,383	1,439
Roads		1,293,054	1,293,054	
Transportation Facilities and Services	34,300	50,317	45,691	4,626
Debt Service	1,821,091	1,821,091	1,811,038	10,053
Capital Projects				
Administration	6,798,343	4,092,622	2,843,103	1,249,520
Total Disbursements	<u>18,530,390</u>	<u>23,486,912</u>	<u>19,128,121</u>	<u>4,358,791</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(10,873,121)</u>	<u>(11,873,120)</u>	<u>(6,799,184)</u>	<u>5,073,936</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds				
Transfers From Other Funds	11,375,121	11,375,121	5,296,871	(6,078,250)
Transfers To Other Funds	(1,002,000)	(1,002,000)	(730,137)	271,863
Total Other Adjustments to Cash (Uses)	<u>10,373,121</u>	<u>10,373,121</u>	<u>4,566,734</u>	<u>(5,806,387)</u>
Net Change in Fund Balance	(500,000)	(1,500,000)	(2,232,450)	(732,450)
Fund Balance - Beginning (Restated)	500,000	1,500,000	4,691,745	3,191,745
Fund Balance - Ending	\$ 0	\$ (0)	\$ 2,459,295	\$ 2,459,295

	ROAD FUND			
	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 80,000	\$ 80,000	\$ 108,864	\$ 28,864
Intergovernmental	2,797,496	2,797,496	2,906,090	108,594
Miscellaneous			84,349	84,349
Interest	1,200	1,200	5,066	3,866
Total Receipts	<u>2,878,696</u>	<u>2,878,696</u>	<u>3,104,369</u>	<u>225,673</u>
DISBURSEMENTS				
Roads	4,423,220	5,154,907	5,024,112	130,795
Administration	826,000	894,313	743,212	151,101
Total Disbursements	<u>5,249,220</u>	<u>6,049,220</u>	<u>5,767,324</u>	<u>281,896</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,370,524)</u>	<u>(3,170,524)</u>	<u>(2,662,955)</u>	<u>507,569</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,985,579	1,985,579	1,985,579	
Total Other Adjustments to Cash (Uses)	<u>1,985,579</u>	<u>1,985,579</u>	<u>1,985,579</u>	
Net Change in Fund Balance	(384,945)	(1,184,945)	(677,376)	507,569
Fund Balance - Beginning (Restated)	384,945	1,184,945	2,232,311	1,047,366
Fund Balance - Ending	\$ 0	\$ 0	\$ 1,554,935	\$ 1,554,935

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