

LEGISLATIVE UPDATE

Representative Scott Lewis

Week in review: Child Safety, Disaster Prevention, and Veterans Centers

The legislative interim continued this week with a full agenda of interim joint committees (IJC), statutory committees, and task forces meeting to discuss a wide variety of topics in preparation for the 2026 Regular Session. These discussions ranged from the digitalization of land records to the preparation of our commonwealth for future natural disasters. I have included summaries of the meetings here, but you can also watch them yourself on the legislature's YouTube page, @KYLRC Committee Meetings.

IJC on Families and Children:

Members discussed the Center for Courageous Children discussed their summer camp programs and spoke about how they have been able to serve more than 22,000 Kentucky children with disabilities and chronic illnesses since 2008. Next, the panel discussed state guardianship and awareness initiatives being pursued by Adult Protective Services. Finally, the committee discussed the annual report of the External Child Fatality and Near Fatality Review Panel, which found a decline in firearm related child injuries and fatalities but also an increase in drug related child overdose and ingestion cases.

IJC on Local Government:

Lawmakers met with the Kentucky County Clerk's Association about electronic reporting for land records. Although nearly all counties are now engaging in electronic reporting and scanning historical documents, the verification process for older records is time-consuming. The committee also discussed Area Development Districts. They serve as crucial councils of governments, unifying city and county administrations to collaboratively address regional needs. Additionally, members heard from the Kentucky Association of Counties and Kentucky League of Cities about local taxing sources.

IJC on State Government:

Legislators first heard from the Kentucky Center for Statistics, an agency that collects and links data to evaluate education and workforce efforts in the commonwealth. The presentation covered the agency's history, mission, products, funding sources, and the Kentucky Longitudinal Data System. Next, the Kentucky Department for Libraries and Archives provided members with a general overview of its organizational, operational, and budgetary structure and functions. Finally, members heard from the Kentucky Library Association about the structure and funding mechanisms of public libraries, as well as some of the work public libraries are doing to support communities.

IJC on Veterans, Military Affairs, and Public Protection:

Members heard testimony from the Kentucky Department of Veterans Affairs as well as the Finance and Administration Cabinet regarding consistent and ongoing issues with the HVAC system at the Radcliff Veterans Center, a long-term care facility. Specifically, members questioned officials why it has taken so long to be addressed, to what extent has the delay affected the facility's capacity, and when residents can expect results. Officials stated many factors contributed to delays, and the project is scheduled to

be complete by March 2027. Members also heard testimony about a proposed measure to exempt veterans from the motor vehicle usage tax.

Medicaid Oversight and Advisory Board:

Legislators held their first meeting of the legislative interim this week where lawmakers received an overview of the purpose and goals of the advisory board, discussed the committee's priorities moving forward, and the guiding of policy-development over the coming months. Members also received an update on the state's Medicaid Program, reviewed recent changes under House Bill 695, and discussed the ongoing changes regarding Medicaid eligibility.

Capital Projects and Bond Oversight:

Lawmakers met to receive an update from the Finance and Administration Cabinet on projects to enhance clean water access across the commonwealth and renovate multiple public schools in Kentucky. They approved a new lease for the UK Health-Care Speech Language Pathology Clinic and authorized renovations to the Louisville Detention Center. Members also heard from the Kentucky Communications Network Authority, and discussed efforts to safeguard continuous access to communications infrastructure statewide.

Commission on Race and Access to Opportunity:

Members examined barriers faced by minority-owned businesses in Kentucky and explored practical solutions. A variety of business officials addressed key systemic challenges faced by minority owned businesses such as access to capital, discrimination, and lack of financial literacy. Commission members also heard about initiatives that have helped mitigate these barriers with competitive loan programs and networking opportunities. Emphasis was placed on building partnerships, encouraging entrepreneurship, and creating a level playing field that allows all Kentuckians to succeed through their hard work and innovation.

Artificial Intelligence Task Force:

Members of convened to begin the task force's second year of work, focusing on AI's growing and evolving role in Kentucky. The Kentucky Chamber of Commerce provided testimony on the status of federal and state legislation regarding AI and discussed benefits and risks of AI adoption. Members then heard from the Commonwealth Office of Technology regarding the current status of this year's Senate Bill 4, which introduced some of Kentucky's first regulatory frameworks for AI. Members discussed the importance of a consistent federal approach, data privacy concerns, and the role of AI in education.

Disaster Prevention and Resiliency Task Force:

Members received an update on the state's response to catastrophic flooding in April from the Division of Emergency Management. The task force also discussed how other states prepare and address natural and manmade disaster planning and how communities may better prepare for flooding.

As always, I can be reached anytime through the toll-free message line in Frankfort at 1-800-372-7181. You can also contact me via email at Scott.Lewis@kylegislature.gov and keep track through the Kentucky legislature's website at legislature.ky.gov.



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 Johnny W. Roberts, Hancock County Judge/Executive
Members of the Hancock 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 Hancock County Fiscal Court, for the year ended June 30, 2024, and the related notes to the financial statement, which collectively comprise the Hancock 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 Hancock 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 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 Hancock 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 the Hancock 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 Hancock 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

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hancock 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 Hancock County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Johnny W. Roberts, Hancock County Judge/Executive
Members of the Hancock 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 Hancock 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 May 29, 2025, on our consideration of the Hancock 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 Hancock 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 Hancock County Fiscal Court Lacks Internal Controls Over Disbursements
- 2024-002 The Hancock County Fiscal Court Failed To Implement Sufficient Internal Controls Over Their Service Organization's Collection Of Ambulance Receipts
- 2024-003 The Hancock County Fiscal Court Failed To Implement Adequate Internal Controls Over Receipts

Respectfully submitted,

Allison Ball
Auditor of Public Accounts
Frankfort, Ky

May 29, 2025

State law requires the Auditor of Public Accounts to annually audit fiscal courts, county clerks, and sheriffs; and print the results in a newspaper having general circulation in the county. The complete audit and any other audit of state agencies, fiscal courts, county clerks, sheriffs, and property valuation administrators may be viewed in the reports section of the Auditor of Public Accounts' website at auditor.ky.gov or upon request by calling 1-800-247-9126.

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Summer Food Program

The Summer Food Service Program Grab-N-Go Meals for ages 18 and under will run from June 2nd through July 2nd, and resume on July 7th through August 8th. Each child receives lunch for that day, and breakfast for the next day. Limit one visit per child, per day. Serving Sites & Times: HCMS-11 a.m.-11:45 a.m.; Vastwood-11 a.m.-11:15 a.m.; Hawesville Library-11:30 a.m.-11:45 a.m.; Clay St. Apartments-noon-12:15 p.m.; Lewisport Baptist Church-11 a.m.-11:15 a.m.; Lewisport Library-11:30 a.m.-11:45 a.m.; Poplar Grove Apts.-noon-12:15 p.m.; Snyder Trailer Court-11 a.m.-11:15 a.m.; Mt. Eden Baptist Church-11:30 a.m.-11:45 a.m.; and South Hancock Park-12:15 p.m.-12:30 p.m.