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October 18, 2021

Mr. Marvin Wilson
Wilson Law Firm, PLLC
PO Box 460
Eddyville, KY 42038

Re: Lyon County Water District

Dear Mr. Wilson,

I am the managing partner for Thurman Campbell Group, PLC (TCG). TCG is a regional CPA firm staffing 50 professionals with offices in Kentucky and Tennessee. I have been asked to give an overview of the events that lead to the late filing of the 2020 PSC Report for the Lyon County Water District.

Lyon County Water District (LCWD) has been a client of TCG for over twenty years. It is my recollection that TCG has prepared the annual PSC Reports for LCWD every year during this time. Our Princeton, KY office is primarily responsible the accounting services engagement we have in place with the LCWD..

I have become aware during the past two weeks that the 2020 PSC Report was filed on September 1, 2021 which was past the extended due date of August 13, 2021. First and foremost, the due date for any tax return or report that bears our firm name must be filed timely. In general, we strive to avoid filing any extensions unless beyond our control. Please allow me to state what I currently know regarding this unfortunate late filing.

TCG completed the accounting books for 2020 LCWD in January 2021 which are then turned over to the LCWD auditing firm.

The LCWD 2020 PSC Report is due to the Kentucky Public Services Commission on March 31, 2021. Because the LCWD 2020 audit was not yet completed, a first extension was timely filed on March 12, 2021 and accepted. The LCWD 2020 statistical data that is a part of the PSC Report is compiled by the LCWD general manager and had not been given to us at this time.

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The LCWD 2020 PSC Report first extension expires on May 31, 2021. A "second extension" was filed on May 18, 2021 and accepted. The 2020 audit was not yet complete at this time and TCG still did not have the statistical data for the general manager.

Typically, the audit is not completed until late June and presented at the July Board of Commissioners meeting. Our practice in the past has been to complete the online filing of the PSC Report after the audit is complete and we have the statistical data from the general manager. The LCWD 2020 audit was completed and presented at the July 13, 2021 Board of Commissioners meeting. We still do not have the statistical data from the general manager.

The LCWD received on August 4, 2021 a certified letter dated July 29, 2021 from the Kentucky Service Commission. This letter stated that the PSC Report is due August 13, 2021. At this time the TCG accountant in charge notified the LCWD general manager that we need the statistical data to file the PSC Report. The TCG accountant made two other attempts prior to August 13, 2021 to obtain the statistical data from the general manager. Around the due date of August 13, 2021, the LCWD general manager resigned. The PSC Report is now past due and we have no statistical data so our TCG staff compiled the statistical data and filed the PSC Report on September 1, 2021.

There were several mitigating factors this year that led to the late filing of the 2020 LCWD PSC Report. One such factor is COVID-19 and the effect it has had on our firms' workload and staffing. Our firm has been a leader in developing the expertise and assisting over 500 businesses secure various Covid-19 relief funding over the past 18 months. While we have done a whole lot of good for a great many businesses, I must admit that we may have spread ourselves too thin to perform at our best with the PSC Report deadline.

While we were waiting on the audit and statical data from others, I will not accept any late filings occurring again. For this reason, I am putting into place the following procedures for the future.

1. TCG will have accounting books ready for the LCWD auditor no later than January 31st.
2. TCG will work to ensure LCWD general manager has completed statistical data by February 28th.
3. TCG will update the LCWD Board of Commissioners at their March meeting as to the status of the audit and compilation of statistical data.
4. The Board of Commissioners must approve any extensions to be filed.

Obviously, there are things out of our control such as the completion of the audit. However, communication is the key and what I feel was missing this go around. Communication with the procedures outlined should result in the timely filing of all future PSC Reports.

It is my hope and belief that all will understand the tremendous burdens of the past year and allow forgiveness.

Yours truly,

Chris Johns

Chris Johns, CPA
Managing Partner