REPORT OF THE AUDIT OF THE EDMONSON COUNTY FISCAL COURT

For The Year Ended
June 30, 2025

ALLISON BALL
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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Scott Lindsey, Edmonson County Judge/Executive
Members of the Edmonson 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 Edmonson County Fiscal Court, for the year ended June 30, 2025, and the related notes to the financial statement, which collectively comprise the Edmonson 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 Edmonson County Fiscal Court, for the year ended June 30, 2025, 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 Edmonson County Fiscal Court, for the year ended June 30, 2025, 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 Edmonson 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.

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To the People of Kentucky
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The Honorable Scott Lindsey, Edmonson County Judge/Executive
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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 Edmonson 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

Edmonson 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 Edmonson 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 Edmonson County Fiscal Court's internal control. Accordingly, no such opinion is expressed.

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

- 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 Edmonson 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 Edmonson County Fiscal Court. The Budgetary Comparison Schedules are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

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

Other Information

Management is responsible for the other information included in this report. The other information is comprised of the schedule of capital assets but does not include the financial statement and our auditor's report thereon. Our opinions on the financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2026, on our consideration of the Edmonson 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 Edmonson 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 Responses included herein, which discusses the following report findings:

2025-001 The Edmonson County Fiscal Court Did Not Have Internal Controls Over The Fiscal Court's Financial Reporting
2025-002 The Edmonson County Fiscal Court Did Not Have Strong Internal Controls Over The Handling Of Disbursements

Respectfully submitted,

Allison Ball
Auditor of Public Accounts
Frankfort, Ky

July 16, 2026

EDMONSON COUNTY OFFICIALS

For The Year Ended June 30, 2025

Fiscal Court Members:

Ronald Scott Lindsey	County Judge/Executive
Mark Meeks	Magistrate
Terry J. Massey, Jr.	Magistrate
Anthony Hennion	Magistrate
James "Mickey" Johnson	Magistrate
Gary Bagshaw	Magistrate
James Charles Vincent	Magistrate

Other Elected Officials:

Adam Turner	County Attorney
Todd Vincent	Jailer
Kevin Alexander	County Clerk
Daniel Priddy	Circuit Court Clerk
James Edward Vincent	Sheriff
Kyle White	Property Valuation Administrator
Brentley Esters	Coroner

Appointed Personnel:

Tammi Willhite	County Treasurer
Amy Heath	Finance Officer

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

For The Year Ended June 30, 2025

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

For The Year Ended June 30, 2025

	Budgeted Funds			
	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund
RECEIPTS				
Taxes	$ 1,608,571	$	$	$
In Lieu Tax Payments	175,617			
Licenses and Permits	26,041			
Intergovernmental	3,317,315	1,439,705	82,494	8,500
Charges for Services	96,077			
Miscellaneous	131,279	58	510	
Interest	87,676	69,503	3,330	403
Total Receipts	5,442,576	1,509,266	86,334	8,903
DISBURSEMENTS				
General Government	2,692,795			
Protection to Persons and Property	260,038		438,472	
General Health and Sanitation	177,684			
Social Services	2,000			8,700
Recreation and Culture	75,462			
Roads		816,529		
Debt Service		91,836		
Administration	3,113,219	194,943	28,994	
Total Disbursements	6,321,198	1,103,308	467,466	8,700
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(878,622)	405,958	(381,132)	203
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	678,057		476,400	
Transfers To Other Funds	(682,415)	(234,169)		
Total Other Adjustments to Cash (Uses)	(4,358)	(234,169)	476,400	
Net Change in Fund Balance	(882,980)	171,789	95,268	203
Fund Balance - Beginning	2,379,094	1,182,105	22,945	7,840
Fund Balance - Ending	$ 1,496,114	$ 1,353,894	$ 118,213	$ 8,043
Composition of Fund Balance				
Bank Balance	$ 1,644,154	$ 1,461,243	$ 144,732	$ 8,043
Less: Outstanding Checks	(148,040)	(107,349)	(26,519)	
Fund Balance - Ending	$ 1,496,114	$ 1,353,894	$ 118,213	$ 8,043

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

EDMONSON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2025
(Continued)

Budgeted Funds							
Room Tax Fund	Parks and Recreation Fund	County Clerk Storage Fee Fund	Emergency 911 Fund	Emergency 911 Wireless Fund	Opioid Settlement Fund	American Rescue Plan Act (ARPA) Fund	Total Funds
$ 173,556	$	$	$ 72,439	$	$	$	$ 1,854,566
							175,617
							26,041
				208,252			5,056,266
							96,077
	66,198	29,440			122,326		349,811
231	1,649	2,629	648	4,718	8,854	15,050	194,691
173,787	67,847	32,069	73,087	212,970	131,180	15,050	7,753,069
		15,330					2,708,125
			89,873	186,995			975,378
							177,684
							10,700
173,066	194,062						442,590
							816,529
							91,836
	25,408		10,300	38,454			3,411,318
173,066	219,470	15,330	100,173	225,449			8,634,160
721	(151,623)	16,739	(27,086)	(12,479)	131,180	15,050	(881,091)
	192,100	3,915	10,000				1,360,472
	(35)					(443,853)	(1,360,472)
	192,065	3,915	10,000			(443,853)	
721	40,442	20,654	(17,086)	(12,479)	131,180	(428,803)	(881,091)
2	20,660	54,015	25,886	95,676	101,037	428,803	4,318,063
$ 723	$ 61,102	$ 74,669	$ 8,800	$ 83,197	$ 232,217	$ 0	$ 3,436,972
$ 723	$ 68,654	$ 74,669	$ 11,225	$ 104,773	$ 232,217	$	$ 3,750,433
	(7,552)		(2,425)	(21,576)			(313,461)
$ 723	$ 61,102	$ 74,669	$ 8,800	$ 83,197	$ 232,217	$ 0	$ 3,436,972

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

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EDMONSON COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2025

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Edmonson County includes all budgeted and unbudgeted funds under the control of the Edmonson County Fiscal Court. Budgeted funds included within the reporting entity are those funds presented in the county's approved annual budget and reported on the quarterly reports submitted to the Department for Local Government. Unbudgeted funds may include non-fiduciary financial activities, private purpose trust funds, and internal service funds that are within the county's control. Unbudgeted funds may also include any corporation to act for and on behalf of, and as the agency and instrumentality of the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

The Edmonson County Tourist and Convention Commission, Edmonson County Industrial Authority, and Edmonson County Recreational Commission would have been included in the reporting entity under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis, they no longer are required components of the reporting entity.

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.

EDMONSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

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

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of receipts for this fund are reimbursements from the state and federal governments, payments from other counties for housing prisoners, and transfers from the General Fund. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the General Fund.

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

Room Tax Fund - The primary purpose of this fund is to account for the transient room tax collected and submitted to the Edmonson County Tourism and Convention Commission. The primary source of receipts for this fund is the transient room tax from lodging establishments.

Parks and Recreation Fund - The primary purpose of this fund is to account for the expenses of the parks and recreation department. The primary sources of receipts for this fund are transfers from the General Fund and recreation tax received from the Edmonson County Recreational Commission.

County Clerk Storage Fee Fund - The primary purpose of this fund is to account for receipts and disbursements related to the county clerk's permanent storage of county records. The funds are used for the maintenance of records and for the facilities used to store those records.

Emergency 911 Fund - The primary purpose of this fund is to account for the emergency 911 expenses of the county. The primary source of receipts for this fund is the 911 land line telephone surcharge. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the General Fund.

Emergency 911 Wireless Fund - The primary purpose of this fund is to account for certain emergency 911 expenses of the county. The primary source of receipts for this fund is the 911 wireless telephone surcharge. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the General Fund.

Opioid Settlement Fund - The primary purpose of this fund is to account for revenues received as a result of the opioid settlement related to oxycontin. Funds received under this settlement are to be used in efforts to reduce the illicit use of opioids.

American Rescue Plan Act (ARPA) Fund - The primary purpose of this fund is to account for federal receipts and disbursements associated with funds received from ARPA as well as Local Assistance and Tribal Consistency Fund as an eligible revenue sharing county. The primary sources of receipts for this fund are federal grants and eligible revenue sharing since the county has federal lands within their jurisdiction.

EDMONSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information

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

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

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

E. Edmonson County Elected Officials

Kentucky law provides for election of the officials listed below from the geographic area constituting Edmonson 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 Edmonson 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).

EDMONSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

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.

H. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of the Edmonson County Fiscal Court:

Edmonson County Ambulance Service
Edmonson County Water Service
Edmonson County Planning Commission

Note 2. Deposits

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of DLG's *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2025, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

EDMONSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2025.

	General Fund	Road Fund	Parks and Recreation Fund	American Rescue Plan Act Fund	Total Transfers In
General Fund	$	$ 234,169	$ 35	$ 443,853	$ 678,057
Jail Fund	476,400				476,400
Parks and Recreation Fund	192,100				192,100
County Clerk Storage Fee Fund	3,915				3,915
Emergency 911 Fund	10,000				10,000
Total Transfers Out	$ 682,415	$ 234,169	$ 35	$ 443,853	$ 1,360,472

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. Commitments – Lease Agreements and Subscription-Based Information Technology Arrangements (SBITA)

A. Leases – Lessor

The Edmonson County Fiscal Court was committed to the following lease agreements as lessor as of June 30, 2025:

Description	Effective Date	Length of Term	Frequency of Payments	Ending Date	Amount of Payments	Balance June 30, 2025
Community Center	3/1/2024	5 years	Monthly	2/28/2029	$ 215	$ 9,460

B. Leases – Lessee

The Edmonson County Fiscal Court was committed to the following lease agreements as lessee as of June 30, 2025:

Description	Effective Date	Length of Term	Frequency of Payments	Ending Date	Amount of Payments	Balance June 30, 2025
Postage Machine for County Clerk	11/3/2023	5 years	Quarterly	11/2/2028	$ 187	$ 2,425
Printer for County Treasurer	10/3/2024	3 years	Monthly	10/2/2027	$ 89	$ 2,412
Hardware for County Clerk	9/1/2020	5 years	Monthly	8/31/2025	$ 537	$ 1,074

Note 4. Commitments – Lease Agreements and Subscription-Based Information Technology Arrangements (SBITA) (Continued)

C. Subscription-Based Information Technology Arrangements (SBITAs)

The Edmonson County Fiscal Court was committed to the following SBITAs as of June 30, 2025:

Description	Effective Date	Length of Term	Frequency of Payments	Ending Date	Amount of Payments	Balance June 30, 2025
Software for County Clerk	9/1/2020	5 years	Monthly	8/31/2025	$ 847	$ 1,694

Note 5. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Financing Obligation – Sheriff's Vehicle

On January 15, 2020, the Edmonson County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust for the acquisition of a truck for the road department. The principal amount of the lease was $29,546. The agreement requires monthly principal and interest payments. The interest rate is 3.99 percent. The maturity date was January 20, 2025. In the event of default, the lessor may terminate the lease and take immediate possession of the vehicle. The lease was paid off during fiscal year 2025.

2. Financing Obligation - Road Department Truck

On November 14, 2023, the Edmonson County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust for the acquisition of a vehicle for the sheriff's office. The principal amount of the lease was $126,000. The agreement requires monthly principal and interest payments. The interest rate is 6.3 percent. The maturity date was November 20, 2028. In the event of default, the lessor may terminate the lease and take immediate possession of the truck. As of June 30, 2025, the principal balance was $87,861. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2026	$ 22,639	$ 4,485
2027	25,982	3,366
2028	27,392	1,689
2029	11,848	187
Totals	$ 87,861	$ 9,727

Note 5. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

3. General Obligation Lease – FEMA Road Project

On June 13, 2024, the Edmonson County Fiscal Court entered into a general obligation lease agreement with the Kentucky Association of Counties Leasing Trust to finance road project for Sunfish Roundhill Road. The fiscal court will receive reimbursement for the project from an approved disaster grant that will be passed through the Kentucky Department of Military Affairs from the Federal Emergency Management Agency (FEMA), U.S. Department of Homeland Security. The principal amount of the lease was $890,000 for 36 months. The agreement requires an initial interest payment of $7,010 and then monthly interest payments of $4,376 for 35 months with one principal payment of $890,000 due upon maturity on June 20, 2027. The interest rate is 5.9 percent. In the event of default, the lessor may terminate the lease. Then the lessor may take immediate possession of the project or require the fiscal court to levy "on all the taxable property in the lessee, in addition to all other taxes, without limitation as to rate, a direct tax annually in an amount sufficient to pay the lease payments when and as due…." As of June 30, 2025, the principal balance was $890,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2026	$	$ 48,134
2027	890,000	52,510
Totals	$ 890,000	$ 100,644

As of June 30, 2025, the fiscal court has not requested these funds from the lessor because the project had not been started. As of June 30, 2025, the lessor is holding funds of $928,061 ($890,000 in principal and $38,061 in interest earned) on behalf of the fiscal court. The funds held on behalf of the fiscal court are included in the Road Fund on the financial statement.

B. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2025, was as follows:

	Adjusted Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	$1,007,535	$	$ 29,674	$ 977,861	$ 22,639
Total Long-term Debt	$1,007,535	$ 0	$ 29,674	$ 977,861	$ 22,639

Note 5. Long-term Debt (Continued)

C. Aggregate Debt Schedule

The amount of required principal and interest payments on long-term obligations on June 30, 2025, were as follows:

Fiscal Year Ended June 30	Direct Borrowings and Direct Placements	
	Principal	Interest
2026	$ 22,639	$ 52,619
2027	915,982	55,876
2028	27,392	1,689
2029	11,848	187
Totals	$ 977,861	$ 110,371

Note 6. Commitments and Contingencies

The county is involved in multiple lawsuits. While individually they may not be significant, in the aggregate they could negatively impact the county's financial position. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the county cannot be made at this time.

Note 7. Employee Retirement System

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

The county's contribution for FY 2023 was $479,976, FY 2024 was $427,195, and FY 2025 was $410,948.

Nonhazardous

Nonhazardous covered employees are required to contribute 5% of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 6% of their salary to be allocated as follows: 5% will go to the member's account and 1% will be allocated to CERS's share of assets in the Ky. Ret. Sys. insurance trust 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.

Note 7. Employee Retirement System (Continued)

Nonhazardous (Continued)

Nonhazardous covered employees contribute 5% of their annual creditable compensation. Nonhazardous members also contribute 1% to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by CERS Board of Trustees 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% 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 19.71%.

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 $10 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.

Benefits are covered under KRS 78.5536.

Note 7. 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, they earn $10 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 78.5536. Tier 3 members are not covered by the same provisions.

C. Cost of Living Adjustments - Tier 1

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of Ky. Ret. Sys. benefits. During the 2008 Special Session, the General Assembly determined that each July beginning in 2009, retirees who have been receiving a retirement allowance for at least 12 months will receive an automatic COLA of 1.5%. 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.

D. 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.

E. Death Benefit

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

F. Annual Financial Report and Proportionate Share Audit Report

KPPA issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646. Some reports may also be obtained online at https://kyret.ky.gov.

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

EDMONSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2025
(Continued)

Note 8. Deferred Compensation

The Edmonson County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax-sheltered supplemental retirement plans for all state, public school and university employees, and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permit all full-time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing the Kentucky Public Employees' Deferred Compensation Authority at 501 High Street, 2nd Floor, Frankfort, KY 40601, or by telephone at (502) 573-7925.

Note 9. Insurance

For the fiscal year ended June 30, 2025, the Edmonson County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 10. Related Party Transactions

The Edmonson County Fiscal Court had the following related party transactions during fiscal year 2025:

- The county judge/executive is on the board of directors for Barren River Area Development District (BRADD), as result of his elected position. BRADD is a 44-member board of directors made up of 10 citizen members and 34 local elected officials from the following counties: Allen, Barren, Butler, Edmonson, Hart, Logan, Metcalfe, Monroe, Simpson, and Warren. During fiscal year 2025, the fiscal court paid BRADD annual dues of $5,710, support for the aging service program of $2,700, GIS E911 data maintenance contract of $16,000, and computer support services and equipment of $950.
- The county judge/executive (as a result of his elected position), one magistrate, and an employee who is an immediate family member of the county treasurer are on the board of directors for Edmonson Recreational Tax Commission, a component unit of the fiscal court, with the employee serving as president. The board of directors has seven directors. During fiscal year 2025, the fiscal court collected and paid recreational tax of $75,427 to the Recreational Tax Commission. In addition, the Recreational Tax Commission provided financial support to the fiscal court during fiscal year 2025 by providing a general contribution to parks and recreation of $13,000 and contributing $37,000 to the Chaleybeate Park LED Light Conversion.
- The fiscal court rents office space for the county attorney from him. The fiscal court paid him $9,000 for the fiscal year ending 2025.

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EDMONSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2025

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EDMONSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2025

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	$ 1,684,025	$ 1,684,025	$ 1,608,571	$ (75,454)
In Lieu Tax Payments	170,000	170,000	175,617	5,617
Licenses and Permits	27,000	27,000	26,041	(959)
Intergovernmental	1,197,913	3,197,913	3,317,315	119,402
Charges for Services	72,000	72,000	96,077	24,077
Miscellaneous	100,100	100,100	131,279	31,179
Interest	50,000	50,000	87,676	37,676
Total Receipts	3,301,038	5,301,038	5,442,576	141,538
DISBURSEMENTS				
General Government	2,483,990	2,853,494	2,692,795	160,699
Protection to Persons and Property	316,501	342,501	260,038	82,463
General Health and Sanitation	167,400	202,645	177,684	24,961
Social Services	2,500	2,500	2,000	500
Recreation and Culture	45,000	80,135	75,462	4,673
Administration	777,147	3,704,005	3,113,219	590,786
Total Disbursements	3,792,538	7,185,280	6,321,198	864,082
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(491,500)	(1,884,242)	(878,622)	1,005,620
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	260,000	260,000	678,057	418,057
Transfers To Other Funds	(668,500)	(668,500)	(682,415)	(13,915)
Total Other Adjustments to Cash (Uses)	(408,500)	(408,500)	(4,358)	404,142
Net Change in Fund Balance	(900,000)	(2,292,742)	(882,980)	1,409,762
Fund Balance - Beginning	900,000	900,000	2,379,094	1,479,094
Fund Balance - Ending	$ 0	$ (1,392,742)	$ 1,496,114	$ 2,888,856

EDMONSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 2,660,452	$ 2,660,452	$ 1,439,705	$ (1,220,747)
Miscellaneous	246,000	246,000	58	(245,942)
Interest	55,000	55,000	69,503	14,503
Total Receipts	2,961,452	2,961,452	1,509,266	(1,452,186)
DISBURSEMENTS				
Roads	2,233,644	2,227,644	816,529	1,411,115
Debt Service	974,840	981,850	91,836	890,014
Administration	477,804	476,794	194,943	281,851
Total Disbursements	3,686,288	3,686,288	1,103,308	2,582,980
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(724,836)	(724,836)	405,958	1,130,794
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(260,000)	(260,000)	(234,169)	25,831
Total Other Adjustments to Cash (Uses)	(260,000)	(260,000)	(234,169)	25,831
Net Change in Fund Balance	(984,836)	(984,836)	171,789	1,156,625
Fund Balance - Beginning	984,836	984,836	1,182,105	197,269
Fund Balance - Ending	$ 0	$ 0	$ 1,353,894	$ 1,353,894

EDMONSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 84,000	$ 84,000	$ 82,494	$ (1,506)
Charges for Services	1,000	1,000		(1,000)
Miscellaneous	1,000	1,000	510	(490)
Interest	2,500	2,500	3,330	830
Total Receipts	88,500	88,500	86,334	(2,166)
DISBURSEMENTS				
Protection to Persons and Property	538,000	535,300	438,472	96,828
Administration	26,900	29,600	28,994	606
Total Disbursements	564,900	564,900	467,466	97,434
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(476,400)	(476,400)	(381,132)	95,268
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	476,400	476,400	476,400	
Total Other Adjustments to Cash (Uses)	476,400	476,400	476,400	
Net Change in Fund Balance			95,268	95,268
Fund Balance - Beginning			22,945	22,945
Fund Balance - Ending	$ 0	$ 0	$ 118,213	$ 118,213

EDMONSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

	LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 11,500	$ 11,500	$ 8,500	$ (3,000)
Interest	500	500	403	(97)
Total Receipts	12,000	12,000	8,903	(3,097)
DISBURSEMENTS				
Social Services	8,950	8,950	8,700	250
Recreation and Culture	10,050	10,050		10,050
Total Disbursements	19,000	19,000	8,700	10,300
Net Change in Fund Balance	(7,000)	(7,000)	203	7,203
Fund Balance - Beginning	7,000	7,000	7,840	840
Fund Balance - Ending	$ 0	$ 0	$ 8,043	$ 8,043

EDMONSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

	ROOM TAX FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	$ 165,000	$ 165,000	$ 173,556	$ 8,556
Interest	1,000	1,000	231	(769)
Total Receipts	166,000	166,000	173,787	7,787
DISBURSEMENTS				
Recreation and Culture	166,000	173,066	173,066	
Total Disbursements	166,000	173,066	173,066	
Net Change in Fund Balance		(7,066)	721	7,787
Fund Balance - Beginning			2	2
Fund Balance - Ending	$ 0	$ (7,066)	$ 723	$ 7,789

EDMONSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

	PARKS AND RECREATION FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 124,000	$ 124,000	$	$ (124,000)
Miscellaneous	69,000	69,000	66,198	(2,802)
Interest	2,000	2,000	1,649	(351)
Total Receipts	195,000	195,000	67,847	(127,153)
DISBURSEMENTS				
Recreation and Culture	395,350	391,558	194,062	197,496
Administration	22,500	26,292	25,408	884
Total Disbursements	417,850	417,850	219,470	198,380
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(222,850)	(222,850)	(151,623)	71,227
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	192,100	192,100	192,100	
Transfers To Other Funds			(35)	(35)
Total Other Adjustments to Cash (Uses)	192,100	192,100	192,065	(35)
Net Change in Fund Balance	(30,750)	(30,750)	40,442	71,192
Fund Balance - Beginning	30,750	30,750	20,660	(10,090)
Fund Balance - Ending	$ 0	$ 0	$ 61,102	$ 61,102

EDMONSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

	COUNTY CLERK STORAGE FEE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	$ 35,500	$ 35,500	$ 29,440	$ (6,060)
Interest	2,000	2,000	2,629	629
Total Receipts	37,500	37,500	32,069	(5,431)
DISBURSEMENTS				
General Government	90,000	90,000	15,330	74,670
Total Disbursements	90,000	90,000	15,330	74,670
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(52,500)	(52,500)	16,739	69,239
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			3,915	3,915
Total Other Adjustments to Cash (Uses)			3,915	3,915
Net Change in Fund Balance	(52,500)	(52,500)	20,654	73,154
Fund Balance - Beginning	52,500	52,500	54,015	1,515
Fund Balance - Ending	$ 0	$ 0	$ 74,669	$ 74,669

EDMONSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

	EMERGENCY 911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	$ 90,000	$ 90,000	$ 72,439	$ (17,561)
Miscellaneous	1,000	1,000		(1,000)
Interest	2,000	2,000	648	(1,352)
Total Receipts	93,000	93,000	73,087	(19,913)
DISBURSEMENTS				
Protection to Persons and Property	118,750	118,750	89,873	28,877
Administration	12,750	12,750	10,300	2,450
Total Disbursements	131,500	131,500	100,173	31,327
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(38,500)	(38,500)	(27,086)	11,414
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			10,000	10,000
Total Other Adjustments to Cash (Uses)			10,000	10,000
Net Change in Fund Balance	(38,500)	(38,500)	(17,086)	21,414
Fund Balance - Beginning	38,500	38,500	25,886	(12,614)
Fund Balance - Ending	$ 0	$ 0	$ 8,800	$ 8,800

EDMONSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

	EMERGENCY 911 WIRELESS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 215,000	$ 215,000	$ 208,252	$ (6,748)
Miscellaneous	1,000	1,000		(1,000)
Interest	7,000	7,000	4,718	(2,282)
Total Receipts	223,000	223,000	212,970	(10,030)
DISBURSEMENTS				
Protection to Persons and Property	236,000	237,500	186,995	50,505
Administration	59,000	59,000	38,454	20,546
Total Disbursements	295,000	296,500	225,449	71,051
Net Change in Fund Balance	(72,000)	(73,500)	(12,479)	61,021
Fund Balance - Beginning	72,000	72,000	95,676	23,676
Fund Balance - Ending	$ 0	$ (1,500)	$ 83,197	$ 84,697

EDMONSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

	OPIOID SETTLEMENT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	$ 130,000	$ 130,000	$ 122,326	$ (7,674)
Interest	5,000	5,000	8,854	3,854
Total Receipts	135,000	135,000	131,180	(3,820)
DISBURSEMENTS				
Administration	320,000	320,000		320,000
Total Disbursements	320,000	320,000		320,000
Net Change in Fund Balance	(185,000)	(185,000)	131,180	316,180
Fund Balance - Beginning	185,000	185,000	101,037	(83,963)
Fund Balance - Ending	$ 0	$ 0	$ 232,217	$ 232,217

EDMONSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2025
(Continued)

	AMERICAN RESCUE PLAN ACT (ARPA) FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	$ 60,000	$ 60,000	$ 15,050	$ (44,950)
Total Receipts	60,000	60,000	15,050	(44,950)
DISBURSEMENTS				
Administration	1,660,000	258,692		258,692
Total Disbursements	1,660,000	258,692		258,692
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,600,000)	(198,692)	15,050	213,742
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(443,853)	(443,853)
Total Other Adjustments to Cash (Uses)			(443,853)	(443,853)
Net Change in Fund Balance	(1,600,000)	(198,692)	(428,803)	(230,111)
Fund Balance - Beginning	1,600,000	1,600,000	428,803	(1,171,197)
Fund Balance - Ending	$ 0	$ 1,401,308	$ 0	$ (1,401,308)

EDMONSON COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2025

Note 1. Budgetary Information

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

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

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

EDMONSON COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2025

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EDMONSON COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2025

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance (Restated)	Additions	Deletions	Ending Balance
Land and Land Improvements	$ 855,269	$	$	$ 855,269
Buildings	3,008,705	125,730		3,134,435
Vehicles and Equipment	3,397,819	162,800		3,560,619
Infrastructure	4,792,689	127,297		4,919,986
Total Capital Assets	$ 12,054,482	$ 415,827	$ 0	$ 12,470,309

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

June 30, 2025

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
Buildings Improvements	$ 50,000	10-60
Machinery and Equipment	$ 15,000	3-25
Vehicles	$ 15,000	3-10
Infrastructure	$ 50,000	10-50
Office Equipment	$ 10,000	3-15
Office Furniture	$ 1,000	3-16

Note 2. Prior Period Adjustments

Schedule of Capital Assets beginning balances were restated as follows:

	Beginning Balance	Add Items Erroneously Not Included	Less Items Erroneously Included	Restated Beginning Balance
Vehicles and Equipment	$ 3,351,514	$ 81,272	$ (34,967)	$ 3,397,819

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*

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

The Honorable Scott Lindsey, Edmonson County Judge/Executive
Members of the Edmonson County Fiscal Court

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Edmonson County Fiscal Court for the fiscal year ended June 30, 2025, and the related notes to the financial statement which collectively comprise the Edmonson County Fiscal Court's financial statement and have issued our report thereon dated July 16, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Edmonson County Fiscal Court's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Edmonson County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Edmonson County Fiscal Court's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 a 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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2025-001 to be a material weakness.

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

Report on Internal Control Over Financial Reporting (Continued)

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. We consider the deficiency described in the accompanying Schedule of Findings and Responses 2025-002 to be a significant deficiency.

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Edmonson County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards,* and which is described in the accompanying Schedule of Findings and Responses as item 2025-001.

Views of Responsible Official and Planned Corrective Action

Government Auditing Standards requires the auditor to perform limited procedures on the Edmonson County's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The county's response was not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on it.

Purpose of this Report

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

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

July 16, 2026

EDMONSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended June 30, 2025

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EDMONSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended June 30, 2025

2025-001 The Edmonson County Fiscal Court Did Not Have Internal Controls Over The Fiscal Court's Financial Reporting

Condition and Context

During the year ending June 30, 2025, the fiscal court had posting errors to the fourth quarter financial statement, the receipts ledger, and the bank reconciliation for June 30, 2025. The following errors were noted:

- Financial activity related to the acquisition account of the FEMA Special Project lease was not recorded on the receipts ledger and on the quarterly financial report for the Road Fund. Interest earned of $38,061 and prior year carryover of $890,000 were not recorded.
- Franchise taxes received from the sheriff of $14,823 were incorrectly recorded as sheriff fee pooling excess fees (intergovernmental revenues) instead of franchise taxes (taxes) on the receipt ledger and quarterly financial report for the General Fund.
- Funds of $109,414 deposited in error to the Parks and Recreation Fund and then transferred to the correct account, were erroneously recorded as miscellaneous revenues and transfers out on the receipts ledger and quarterly financial report.
- The General Fund bank reconciliation as of June 30, 2025, was incorrect because a check of $163,000 that cleared in June 2025 was included as an outstanding item. Since the check was written to transfer funds between General Fund bank accounts, the financial statement was not misstated.

Cause

The fiscal court did not have adequate controls in place to ensure all transactions were reflected in the fiscal court's financial reports and correctly posted. The county treasurer stated she did not realize the transactions from the acquisition bank account related to a lease handled by a third party should be booked or the correction of a bank error should not be booked. In addition, the county treasurer stated she erroneously forgot to clear the check written between the bank accounts of the same fund before preparing her bank reconciliations.

Effect

The quarterly financial report, receipts ledger, or bank reconciliations were affected by the above posting errors as follows:

- The Road Fund beginning fund balance was understated by $890,000 and receipts were understated by $38,061 resulting in the ending fund balance being understated by $928,061.
- The General Fund categories of taxes and intergovernmental revenues were incorrect on the receipts ledger and quarterly financial report. Taxes were understated by $14,823 and intergovernmental revenues were overstated by $14,823.
- The Parks and Recreation Fund categories of miscellaneous revenues and transfers out were both overstated by $109,414 because an error was recorded as receipts and disbursements.
- The outstanding checks included on the General Fund bank reconciliation as of June 30, 2025, was overstated by $163,000 resulting in the ending balance on the General Fund bank reconciliation as of June 30, 2025 being understated by $163,000. Since the check was written to transfer funds between General Fund bank accounts, the financial statement was not misstated.

EDMONSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2025
(Continued)

2025-001 The Edmonson County Fiscal Court Did Not Have Internal Controls Over The Fiscal Court's Financial Reporting (Continued)

Criteria

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." The review of the financial statement is a basic internal control necessary to ensure the accuracy and reliability of financial reports.

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. According to the *County Budget Preparation and State Local Finance Officer Policy Manual*, all financial activity, including transactions through a third party, must be recorded on the county's financial statements.

Recommendations

We recommend the fiscal court implement controls to ensure all financial activity including lease transactions are accurately posted on the fiscal court's quarterly financial report and ledgers in accordance with the *County Budget Preparation and State Local Finance Officer Policy Manual*.

Views of Responsible Official and Planned Corrective Action

County Judge/Executive's Response: Edmonson County had secured a loan for a large road project. The County Treasurer had reported the loan in other areas of the budget but was unaware to report it in FY2025 as the County had not utilized any of these funds until 2026. The County Treasurer will ensure that all debt is properly recorded on the Quarterly Financial Statements with the Judge Executive verifying.

2025-002 The Edmonson County Fiscal Court Did Not Have Strong Internal Controls Over The Handling Of Disbursements

Condition and Context

During disbursement testing, the following exceptions were noted:

- Nine disbursements totaling $19,796 out of 60 disbursements tested had purchase orders issued after the expense was already incurred by the fiscal court.
- One disbursement totaling $23,800 out of 60 disbursements tested was paid to the vendor prior to fiscal court approval.
- Sales tax of $4 was paid on two credit card transactions out of 47 credit card transactions tested.
- Itemized invoices were not maintained for 18 credit card transactions totaling $415 out of 47 credit card transactions tested.
- A list of encumbrances is maintained by the fiscal court; however, encumbrances were not reported on the fourth quarter financial report.

EDMONSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2025
(Continued)

2025-002 The Edmonson County Fiscal Court Did Not Have Strong Internal Controls Over The Handling Of Disbursements (Continued)

Cause

The fiscal court did not have adequate controls in place to ensure disbursements were handled correctly.

Effect

Fiscal court's failure to establish effective internal controls over disbursements resulted in numerous instances of noncompliance reflected above.

Criteria

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." The pre-approval and authorization of disbursements is a basic internal control necessary to ensure the accuracy and reliability of financial reports. This control ensures that all disbursements are properly supported, preceded by a valid purchase order, and made only if available budget allows.

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The uniform system of accounts is set forth in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual*. The manual presents requirements for counties handling of disbursements, including: "[p]urchases shall not be made without approval by the judge/executive (or designee), and/or a department head" and "[p]urchase requests shall not be approved in an amount that exceeds the available line item appropriation unless the necessary and appropriate transfers have been made."

Operating disbursements are required to have appropriate supporting documentation and be properly coded prior to inclusion on the monthly claims list.

Unpaid purchase orders as of June 30 should be reported as encumbrances on the face of the fourth quarter financial report. In addition, KRS 68.360(2) states, "[t]he county judge/executive shall, within fifteen (15) days after the end of each quarter of each fiscal year, prepare a statement showing the current fiscal year to date actual receipts from each county revenue source, the totals of all encumbrances and expenditures charged against each budget fund, the unencumbered balance for the fund, and any transfer made to or from the fund."

KRS 68.275(2) states, "[t]he county judge/executive shall present all claims to fiscal court for review prior to payment and the court, for good cause shown, may order that a claim not be paid."

Edmonson County Administrative Code section 400.1 states, "No capital property is to be purchased or accepted on behalf of the county without formal prior Fiscal Court approval."

EDMONSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2025
(Continued)

2025-002 The Edmonson County Fiscal Court Did Not Have Strong Internal Controls Over The Handling Of Disbursements (Continued)

Recommendations

We recommend the fiscal court improve procedures over disbursements to ensure the proper handling of disbursements and ensure encumbrances are reported on the fourth quarter financial report.

Views of Responsible Official and Planned Corrective Action

County Judge/Executive's Response: The Judge Executive office will continue to enforce the purchase order system to prevent repeat occurrences. The encumbrances will be submitted with the 4th quarter financial report.

CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

EDMONSON COUNTY FISCAL COURT

For The Year Ended June 30, 2025

Appendix A

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CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

EDMONSON COUNTY FISCAL COURT

For The Year Ended June 30, 2025

The Edmonson County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

Ronald Scott Lindsey

County Judge/Executive

Jennie Willett

County Treasurer