REPORT OF THE AUDIT OF THE
LEWIS COUNTY
FISCAL COURT

For The Year Ended
June 30, 2024

ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS
auditor.ky.gov

209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912

CONTENTS PAGE

THIS PAGE LEFT BLANK INTENTIONALLY

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 George Sparks, Lewis County Judge/Executive
Members of the Lewis 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 Lewis County Fiscal Court, for the year ended June 30, 2024, and the related notes to the financial statement, which collectively comprise the Lewis 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 Lewis 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 Lewis 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 Lewis 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.

209 St. Clair Street
Frankfort, KY 40601-1817
Telephone 502.564.5841
Facsimile 502.564.2912
auditor.ky.gov

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable George Sparks, Lewis County Judge/Executive
Members of the Lewis County Fiscal Court

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 Lewis 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

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

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable George Sparks, Lewis County Judge/Executive
Members of the Lewis County Fiscal Court

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 Lewis 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 Lewis 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.

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable George Sparks, Lewis County Judge/Executive
Members of the Lewis County Fiscal Court

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2026, on our consideration of the Lewis 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 Lewis 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:

2024-001 The Lewis County Fiscal Court Failed To Implement Adequate Controls Over Debt Related Transactions That Resulted In Exceeding The Approved Budget
2024-002 The Lewis County Fiscal Court Failed To Properly Approve All Disbursements

Respectfully submitted,

Allison Ball
Allison Ball
Auditor of Public Accounts
Frankfort, Ky

April 30, 2026

LEWIS COUNTY OFFICIALS

For The Year Ended June 30, 2024

Fiscal Court Members:

George Sparks	County Judge/Executive
Mark Horseley	Magistrate
Joey McCann	Magistrate
Johnny Osborne	Magistrate
Woody Underwood	Magistrate

Other Elected Officials:

Benjamin Harrison	County Attorney
Bryon Walker	Jailer
Leslie Collier	County Clerk
Teresa Callahan	Circuit Court Clerk
Johnny Bivens	Sheriff
Kenneth Ruckel	Property Valuation Administrator
Tony Gaydos	Coroner

Appointed Personnel:

Penny Lee	County Treasurer
Nichole Cantu	Chief Financial Officer

THIS PAGE LEFT BLANK INTENTIONALLY

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

For The Year Ended June 30, 2024

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

For The Year Ended June 30, 2024

	Budgeted Funds		
	General Fund	Road Fund	Jail Fund
RECEIPTS			
Taxes	$ 2,109,117	$	$
Excess Fees	30,305		
Licenses and Permits	22,250		
Intergovernmental	568,536	1,697,941	64,095
Charges for Services	742		20
Miscellaneous	93,882	939,321	2,271
Interest	1,577	4,155	103
Total Receipts	2,826,409	2,641,417	66,489
DISBURSEMENTS			
General Government	1,131,570		
Protection to Persons and Property	226,844		512,968
General Health and Sanitation	227,439		
Social Services	11,500		
Recreation and Culture	97,251		
Roads		2,594,706	
Debt Service		618,953	
Administration	554,615	259,566	21,702
Total Disbursements	2,249,219	3,473,225	534,670
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	577,190	(831,808)	(468,181)
Other Adjustments to Cash (Uses)			
Financing Obligation Proceeds		533,448	
Transfers From Other Funds	227,414		500,000
Transfers To Other Funds	(558,130)	(223,214)	
Total Other Adjustments to Cash (Uses)	(330,716)	310,234	500,000
Net Change in Fund Balance	246,474	(521,574)	31,819
Fund Balance - Beginning	571,987	1,090,501	4,620
Fund Balance - Ending	$ 818,461	$ 568,927	$ 36,439
Composition of Fund Balance			
Bank Balance	$ 836,957	$ 569,021	$ 36,439
Less: Outstanding Checks	(18,496)	(94)	
Certificates of Deposit			
Fund Balance - Ending	$ 818,461	$ 568,927	$ 36,439

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

LEWIS COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2024
(Continued)

Budgeted Funds						
Local Government Economic Assistance Fund	Community Development Block Grant Fund	Animal Shelter Fund	E-911 Fund	Special County Clerk Fund	Grant Fund	Special Funds Opioid Fund
$	$	$	$ 135,684	$	$	$
30,350		70	176,749			
		5,645				
		10,778		18,210		241,754
89		10	267			2,268
30,439		16,503	312,700	18,210		244,022
20,818				6,749	28,637	
			303,424			
8,020		49,792				
			62,578			125,240
28,838		49,792	366,002	6,749	28,637	125,240
1,601		(33,289)	(53,302)	11,461	(28,637)	118,782
	100	30,000			28,030	
	(4,200)					
	(4,100)	30,000			28,030	
1,601	(4,100)	(3,289)	(53,302)	11,461	(607)	118,782
31,923	4,200	4,528	141,769	17,020	610	109,873
$ 33,524	$ 100	$ 1,239	$ 88,467	$ 28,481	$ 3	$ 228,655
$ 33,524	$ 100	$ 1,239	$ 88,467	$ 28,481	$ 3	$ 101,224
						127,431
$ 33,524	$ 100	$ 1,239	$ 88,467	$ 28,481	$ 3	$ 228,655

LEWIS COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2024
(Continued)

	Budgeted Fund	Unbudgeted Fund	
	Special Escrow Fund	Public Properties Corporation Fund	Total Funds
RECEIPTS			
Taxes	$	$	$ 2,244,801
Excess Fees			30,305
Licenses and Permits			22,250
Intergovernmental		382,600	2,920,341
Charges for Services			6,407
Miscellaneous			1,306,216
Interest	621	550	9,640
Total Receipts	621	383,150	6,539,960
DISBURSEMENTS			
General Government			1,187,774
Protection to Persons and Property			1,043,236
General Health and Sanitation			285,251
Social Services			11,500
Recreation and Culture			97,251
Roads			2,594,706
Debt Service		381,350	1,000,303
Administration		1,375	1,025,076
Total Disbursements		382,725	7,245,097
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	621	425	(705,137)
Other Adjustments to Cash (Uses)			
Financing Obligation Proceeds			533,448
Transfers From Other Funds			785,544
Transfers To Other Funds			(785,544)
Total Other Adjustments to Cash (Uses)			533,448
Net Change in Fund Balance	621	425	(171,689)
Fund Balance - Beginning	247,778	585	2,225,394
Fund Balance - Ending	$ 248,399	$ 1,010	$ 2,053,705
Composition of Fund Balance			
Bank Balance	$ 248,399	$ 1,010	$ 1,944,864
Less: Outstanding Checks			(18,590)
Certificates of Deposit			127,431
Fund Balance - Ending	$ 248,399	$ 1,010	$ 2,053,705

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

INDEX FOR NOTES
TO THE FINANCIAL STATEMENT

LEWIS COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2024

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Lewis County includes all budgeted and unbudgeted funds under the control of the Lewis 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.

B. Basis of Accounting

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

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

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

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

<u>Budgeted Funds</u> (Continued)

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.

Community Development Block Grant Fund (CDBG) - 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.

Animal Shelter Fund - The primary purpose of this fund is to provide support of the animal shelter for the county. The primary sources of receipts for this fund are local support and animal adoptions.

E-911 Fund - The primary purpose of this fund is to account for the dispatch expenses of the county. The primary source of receipts for this fund is the 911 telephone surcharge.

Special County Clerk Fund- The primary purpose of this fund is to account for county clerk storage fees. The primary source of receipts for this fund is the county clerk.

Special Fund - This primary purpose of this fund is to account for the receipts and disbursements of the American Rescue Plan Act (ARPA) funds provided by the federal government. The primary sources of receipts for this fund are federal monies.

Grant Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary source of receipts for this fund is grants from the state government.

Special Funds Opioid 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.

Special Escrow Fund - The primary purpose of this fund is to account for funds set aside for special projects.

<u>Unbudgeted Fund</u>

The fiscal court reports the following unbudgeted fund:

Public Properties Corporation Fund - The primary purpose of this fund is to account for the proceeds and debt service of revenue bonds that were issued to fund construction of public buildings.

LEWIS COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(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.

The state local finance officer does not require the Public Properties Corporation Fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

E. Lewis County Elected Officials

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

LEWIS COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(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.

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 the DLG's *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2024, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2024.

	General Fund	Road Fund	CDBG Fund	Total Transfers In
General Fund	$	$ 223,214	$ 4,200	$ 227,414
Animal Shelter Fund	30,000			30,000
Jail Fund	500,000			500,000
CDBG Fund	100			100
Grant Fund	28,030			28,030
Total Transfers Out	$ 558,130	$ 223,214	$ 4,200	$ 785,544

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.

LEWIS COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 4. Leases

1. Lessor

A. Administrative Office of the Courts (AOC)

On September 2, 2014, the Lewis County Public Properties Corporation issued first mortgage refunding bonds to pay off the bonds that funded the construction of the judicial center. The Administrative Office of the Courts (AOC) reimburses the county for the rental payments which agrees to the annual principal and interest costs on the bonds issued for the financing of the building construction. The corporation recognized $382,600 in lease revenue during the current fiscal year. As of June 30, 2024, the corporation's receivable for lease payments was $695,000.

2. Lessee

A. Office Copier

On July 13, 2023, the Lewis County Fiscal Court entered into a three-year lease agreement as lessee for the acquisition and use of a copier at the judge/executive's office. A lease liability was recorded in the amount of $3,333 during fiscal year 2024. The Lewis County Fiscal Court is required to make monthly payments of $211. As of June 30, 2024, the value of the lease liability was $5,068. The future principal and interest lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended June 30	Amount
2025	$ 2,534
2026	2,534
Total Minimum Lease Payments	$ 5,068

B. Road Copier

On September 4, 2019, the Lewis County Fiscal Court entered into a five-year lease agreement as lessee for the acquisition and use of a copier at the road department. A lease liability was recorded in the amount of $1,012 during fiscal year 2024. The Lewis County Fiscal Court is required to make monthly payments of $75. As of June 30, 2024, this lease was paid in full.

C. Road Copier

On March 8, 2024, the Lewis County Fiscal Court entered into a five-year lease agreement as lessee for the acquisition and use of a copier at the road department. A lease liability was recorded in the amount of $407 during fiscal year 2024. The Lewis County Fiscal Court is required to make monthly payments of $84. As of June 30, 2024, the value of the lease liability was $4,794.

LEWIS COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 4. Leases (Continued)

2. Lessee (Continued)

C. Road Copier (Continued)

The future principal and interest lease payments as of June 30, 2024, were as follows:

Fiscal Year Ended June 30	Amount
2025	$ 1,009
2026	1,009
2027	1,009
2028	1,010
2029	757
Total Minimum Lease Payments	$ 4,794

Note 5. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Road Trucks

On November 30, 2018, Lewis County entered into an agreement to finance the purchase of two trucks for the road department in the amount of $98,850. A promissory note was signed at a fixed interest rate of 4.50% for a period of five years maturing on August 31, 2023. The purchase agreement requires that one principal and interest payment is due per year. In the case of default, the asset purchased will be repossessed. As of June 30, 2024, this direct borrowing was paid in full.

2. Dump Trucks

On July 11, 2023, the Lewis County Fiscal Court entered into a $533,448 agreement with the Kentucky Association of Counties Leasing Trust Program for the acquisition of three dump trucks for the purpose of reselling the dump trucks at auction. In the case of default, the asset purchased will be repossessed. The debt was to be paid off in January 2025 but was paid off early. As of June 30, 2024, this direct borrowing was paid in full.

LEWIS COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 5. Long-term Debt (Continued)

B. Other Debt

1. Judicial Center - First Mortgage Refunding Revenue Bonds

On September 2, 2014, the Lewis County Public Properties Corporation issued $3,680,000 in First Mortgage Revenue Refunding Bonds for the purpose of defeasing the 2005 First Mortgage Revenue Bond issue. The Lewis County Public Properties Corporation, Administrative Office of the Courts (AOC), and the county entered into a lease agreement for the purpose of obtaining office rental space for AOC at the Justice Center. Lewis County and the Public Properties Corporation acted as agents for AOC in order to plan, design, and construct the justice center. They are now acting as agents for AOC in managing and maintaining the justice center. The Public Properties Corporation and the county expect annual rentals for the Justice Center to be in the full amount of the annual principal and interest requirements of the bonds. Under the terms of the lease, AOC has agreed to pay directly to the paying agent bank, the use allowance payment as provided by in the lease. The lease agreement is renewable each year. The county and the Public Properties Corporation are reliant upon the use allowance payment in order to meet the debt service requirements for the bonds. In the event of default, the judicial center will be repossessed by the financial institution. The use allowance payment commenced with the occupancy of the justice center by AOC. AOC, with the execution of the lease, has expressed its intention to continue to pay the full use allowance payment in each successive biennial budget period until March 2026, but the lease does not obligate AOC to do so. These bonds are scheduled to mature in March 2026. Principal payments are due each year on March 1 and interest is payable each year on September 1 and March 1. The total principal balance was $695,000 as of June 30, 2024. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	$ 365,000	$ 20,850
2026	330,000	9,900
Totals	$ 695,000	$ 30,750

C. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	$ 21,238	$ 533,448	$ 554,686	$	$
Other Debt	1,045,000		350,000	695,000	365,000
Total Long-term Debt	$ 1,066,238	$ 533,448	$ 904,686	$ 695,000	$ 365,000

LEWIS COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 5. Long-term Debt (Continued)

D. Aggregate Debt Schedule

The amount of required principal and interest payments on long-term obligations at June 30, 2024, were as follows:

Fiscal Year Ended June 30	Other Debt Principal	Other Debt Interest
2025	$ 365,000	$ 20,850
2026	330,000	9,900
Totals	$ 695,000	$ 30,750

Note 6. 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 2022 was $443,495, FY 2023 was $445,450, and FY 2024 was $427,381.

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 share of assets in the Ky. Ret. Sys. trust insurance fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own accounts. Nonhazardous covered employees contribute 5% 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 the CERS Board of Trustees s 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.

LEWIS COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 6. Employee Retirement System (Continued)

Nonhazardous (Continued)

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 23.34%.

Hazardous

Hazardous covered employees are required to contribute 8% of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 9% of their salary to be allocated as follows: 8% will go to the member's account and 1% will be allocated to CERS 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. Hazardous members contribute 8% of their annual creditable compensation and 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 the 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 hazardous member's account is credited with a 7.5% employer pay credit. The employer pay credit represents a portion of the employer contribution.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008, aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

The county's contribution rate for hazardous employees was 43.69%.

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:

LEWIS COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 6. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

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.

Hazardous employees whose participation began on or after July 1, 2003, earn $15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, the employee's spouse receives $10 per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Benefits are covered under KRS 78.5536.

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.

LEWIS COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 6. Employee Retirement System (Continued)

<u>Other Post-Employment Benefits (OPEB)</u> (Continued)

C. <u>Health Insurance Coverage - Tier 2 and Tier 3 - Hazardous</u>

Once members reach a minimum vesting period of 15 years, they earn $15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually by 1.5%. Upon the death of a hazardous employee, the employee's spouse receives $10 per month for insurance benefits for each year of the deceased employee's hazardous service. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

The monthly insurance benefit has been increased annually as a 1.5% COLA since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

D. <u>Cost of Living Adjustments - Tier 1</u>

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.

E. <u>Cost of Living Adjustments - Tier 2 and Tier 3</u>

No COLA is given unless authorized by the legislature with specific criteria. To this point, no COLA has been authorized by the legislature for Tier 2 or Tier 3 members.

F. <u>Death Benefit</u>

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.

G. <u>Annual Financial Report and Proportionate Share Audit Report</u>

Ky. Ret. Sys. issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing to the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646. Some reports are also available 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.

Note 7. Deferred Compensation

The Lewis 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 8. Insurance

For the fiscal year ended June 30, 2024, the Lewis 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 9. 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 10. Conduit Debt

From time to time the county has issued bonds to provide financial assistance to others for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Lewis County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2024, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

THIS PAGE LEFT BLANK INTENTIONALLY

LEWIS COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

THIS PAGE LEFT BLANK INTENTIONALLY

LEWIS COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

GENERAL FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	$ 1,702,600	$ 1,702,600	$ 2,109,117	$ 406,517
Excess Fees	51,000	51,000	30,305	(20,695)
Licenses and Permits	22,000	22,000	22,250	250
Intergovernmental	607,687	607,687	568,536	(39,151)
Charges for Services	800	800	742	(58)
Miscellaneous	57,800	57,800	93,882	36,082
Interest	1,500	1,500	1,577	77
Total Receipts	2,443,387	2,443,387	2,826,409	383,022
DISBURSEMENTS				
General Government	1,208,384	1,454,247	1,131,570	322,677
Protection to Persons and Property	258,685	233,742	226,844	6,898
General Health and Sanitation	150,154	230,609	227,439	3,170
Social Services	6,600	11,600	11,500	100
Recreation and Culture	177,727	151,630	97,251	54,379
Administration	685,051	716,185	554,615	161,570
Total Disbursements	2,486,601	2,798,013	2,249,219	548,794
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(43,214)	(354,626)	577,190	931,816
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	223,214	223,214	227,414	4,200
Transfers To Other Funds	(610,000)	(610,000)	(558,130)	51,870
Total Other Adjustments to Cash (Uses)	(386,786)	(386,786)	(330,716)	56,070
Net Change in Fund Balance	(430,000)	(741,412)	246,474	987,886
Fund Balance - Beginning	430,000	430,000	571,987	141,987
Fund Balance - Ending	$ 0	$ (311,412)	$ 818,461	$ 1,129,873

LEWIS COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 2,051,663	$ 2,051,663	$ 1,697,941	$ (353,722)
Miscellaneous	682,752	682,752	939,321	256,569
Interest	2,500	2,500	4,155	1,655
Total Receipts	2,736,915	2,736,915	2,641,417	(95,498)
DISBURSEMENTS				
Roads	2,546,264	2,850,826	2,594,706	256,120
Debt Service	50,000	60,000	618,953	(558,953)
Administration	317,437	272,875	259,566	13,309
Total Disbursements	2,913,701	3,183,701	3,473,225	(289,524)
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(176,786)	(446,786)	(831,808)	(385,022)
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds			533,448	533,448
Transfers To Other Funds	(223,214)	(223,214)	(223,214)	
Total Other Adjustments to Cash (Uses)	(223,214)	(223,214)	310,234	533,448
Net Change in Fund Balance	(400,000)	(670,000)	(521,574)	148,426
Fund Balance - Beginning	400,000	400,000	1,090,501	690,501
Fund Balance - Ending	$ 0	$ (270,000)	$ 568,927	$ 838,927

LEWIS COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 71,700	$ 71,700	$ 64,095	$ (7,605)
Charges for Services	350	350	20	(330)
Miscellaneous	1,600	1,600	2,271	671
Interest	100	100	103	3
Total Receipts	73,750	73,750	66,489	(7,261)
DISBURSEMENTS				
Protection to Persons and Property	587,671	593,479	512,968	80,511
Administration	56,079	50,271	21,702	28,569
Total Disbursements	643,750	643,750	534,670	109,080
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(570,000)	(570,000)	(468,181)	101,819
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	550,000	550,000	500,000	(50,000)
Total Other Adjustments to Cash (Uses)	550,000	550,000	500,000	(50,000)
Net Change in Fund Balance	(20,000)	(20,000)	31,819	51,819
Fund Balance - Beginning	20,000	20,000	4,620	(15,380)
Fund Balance - Ending	$ 0	$ 0	$ 36,439	$ 36,439

LEWIS COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 28,000	$ 28,000	$ 30,350	$ 2,350
Interest	100	100	89	(11)
Total Receipts	28,100	28,100	30,439	2,339
DISBURSEMENTS				
General Government	23,450	23,450	20,818	2,632
General Health and Sanitation	5,000	8,500	8,020	480
Administration	24,650	21,150		21,150
Total Disbursements	53,100	53,100	28,838	24,262
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(25,000)	(25,000)	1,601	26,601
Net Change in Fund Balance	(25,000)	(25,000)	1,601	26,601
Fund Balance - Beginning	25,000	25,000	31,923	6,923
Fund Balance - Ending	$ 0	$ 0	$ 33,524	$ 33,524

LEWIS COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 922,000	$ 1,922,000	$	$ (1,922,000)
Total Receipts	922,000	1,922,000		(1,922,000)
DISBURSEMENTS				
General Government	926,200	1,926,200		1,926,200
Total Disbursements	926,200	1,926,200		1,926,200
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(4,200)	(4,200)		4,200
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			100	100
Transfers To Other Funds			(4,200)	(4,200)
Total Other Adjustments to Cash (Uses)			(4,100)	(4,100)
Net Change in Fund Balance	(4,200)	(4,200)	(4,100)	100
Fund Balance - Beginning	4,200	4,200	4,200	
Fund Balance - Ending	$ 0	$ 0	$ 100	$ 100

LEWIS COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	ANIMAL SHELTER FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 1,150	$ 1,150	$ 70	$ (1,080)
Charges for Services	7,300	7,300	5,645	(1,655)
Miscellaneous	600	600	10,778	10,178
Interest	15	15	10	(5)
Total Receipts	9,065	9,065	16,503	7,438
DISBURSEMENTS				
General Health and Sanitation	64,500	69,200	49,792	19,408
Administration	6,565	1,865		1,865
Total Disbursements	71,065	71,065	49,792	21,273
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(62,000)	(62,000)	(33,289)	28,711
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	60,000	60,000	30,000	(30,000)
Total Other Adjustments to Cash (Uses)	60,000	60,000	30,000	(30,000)
Net Change in Fund Balance	(2,000)	(2,000)	(3,289)	(1,289)
Fund Balance - Beginning	2,000	2,000	4,528	2,528
Fund Balance - Ending	$ 0	$ 0	$ 1,239	$ 1,239

LEWIS COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	E-911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	$ 140,000	$ 140,000	$ 135,684	$ (4,316)
Intergovernmental	184,000	184,000	176,749	(7,251)
Miscellaneous	100	100		(100)
Interest	500	500	267	(233)
Total Receipts	324,600	324,600	312,700	(11,900)
DISBURSEMENTS				
Protection to Persons and Property	353,500	364,500	303,424	61,076
Administration	121,100	110,100	62,578	47,522
Total Disbursements	474,600	474,600	366,002	108,598
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(150,000)	(150,000)	(53,302)	96,698
Net Change in Fund Balance	(150,000)	(150,000)	(53,302)	96,698
Fund Balance - Beginning	150,000	150,000	141,769	(8,231)
Fund Balance - Ending	$ 0	$ 0	$ 88,467	$ 88,467

LEWIS COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	SPECIAL COUNTY CLERK FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	$ 40,000	$ 40,000	$ 18,210	$ (21,790)
Total Receipts	40,000	40,000	18,210	(21,790)
DISBURSEMENTS				
General Government	60,000	60,000	6,749	53,251
Total Disbursements	60,000	60,000	6,749	53,251
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(20,000)	(20,000)	11,461	31,461
Net Change in Fund Balance	(20,000)	(20,000)	11,461	31,461
Fund Balance - Beginning	20,000	20,000	17,020	(2,980)
Fund Balance - Ending	$ 0	$ 0	$ 28,481	$ 28,481

LEWIS COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	SPECIAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	$ 200	$ 200	$	$ (200)
Total Receipts	200	200		(200)
DISBURSEMENTS				
General Government	581,412			
Total Disbursements	581,412			
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(581,212)	200		(200)
Net Change in Fund Balance	(581,212)	200		(200)
Fund Balance - Beginning	581,212	581,212		(581,212)
Fund Balance - Ending	$ 0	$ 581,412	$ 0	$ (581,412)

LEWIS COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	GRANT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 940,000	$ 940,000	$	$ (940,000)
Total Receipts	940,000	940,000		(940,000)
DISBURSEMENTS				
General Government	940,000	940,000	28,637	911,363
Administration	610	610		610
Total Disbursements	940,610	940,610	28,637	911,973
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(610)	(610)	(28,637)	(28,027)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			28,030	28,030
Total Other Adjustments to Cash (Uses)			28,030	28,030
Net Change in Fund Balance	(610)	(610)	(607)	3
Fund Balance - Beginning	610	610	610	
Fund Balance - Ending	$ 0	$ 0	$ 3	$ 3

LEWIS COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	SPECIAL FUNDS OPIOID FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	$ 200,000	$ 200,000	$ 241,754	$ 41,754
Interest	300	300	2,268	1,968
Total Receipts	200,300	200,300	244,022	43,722
DISBURSEMENTS				
Administration	310,154	310,154	125,240	184,914
Total Disbursements	310,154	310,154	125,240	184,914
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(109,854)	(109,854)	118,782	228,636
Net Change in Fund Balance	(109,854)	(109,854)	118,782	228,636
Fund Balance - Beginning	109,854	109,854	109,873	19
Fund Balance - Ending	$ 0	$ 0	$ 228,655	$ 228,655

LEWIS COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	SPECIAL ESCROW FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	$ 350	$ 350	$ 621	$ 271
Total Receipts	350	350	621	271
DISBURSEMENTS				
General Government	247,921	247,921		247,921
Total Disbursements	247,921	247,921		247,921
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(247,571)	(247,571)	621	248,192
Net Change in Fund Balance	(247,571)	(247,571)	621	248,192
Fund Balance - Beginning	247,571	247,571	247,778	207
Fund Balance - Ending	$ 0	$ 0	$ 248,399	$ 248,399

LEWIS COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2024

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.

Note 2. Excess of Disbursements Over Appropriations

The Road Fund, debt service line-item exceeded budgeted appropriations by $558,953.

THIS PAGE LEFT BLANK INTENTIONALLY

LEWIS COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2024

THIS PAGE LEFT BLANK INTENTIONALLY

LEWIS COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2024

The fiscal court reports the following Schedule of Capital Assets:

	(Restated*) Beginning Balance	Additions	Deletions	Ending Balance
Land	$ 620,908	$	$	$ 620,908
Buildings	8,470,693			8,470,693
Vehicles and Equipment*	2,947,667	158,622	10,050	3,096,239
Other Equipment	1,214,850			1,214,850
Infrastructure	12,678,220	393,358		13,071,578
Total Capital Assets	$ 25,932,338	$ 551,980	$ 10,050	$ 26,474,268

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

June 30, 2024

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	$ 12,500	10-60
Buildings	$ 25,000	10-75
Vehicles and Equipment	$ 5,000	3-25
Other Equipment	$ 5,000	3-25
Infrastructure	$ 10,000	10-50

Note 2. Restatement of Beginning Balance

The beginning balances for Vehicles and Equipment was restated due to a decrease of $62,001 for an error in the prior year ending balance.

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*

THIS PAGE LEFT BLANK INTENTIONALLY

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 George Sparks, Lewis County Judge/Executive
Members of the Lewis 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 Lewis County Fiscal Court for the fiscal year ended June 30, 2024, and the related notes to the financial statement which collectively comprise the Lewis County Fiscal Court's financial statement and have issued our report thereon dated April 30, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Lewis 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 Lewis County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lewis 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 certain deficiencies in internal control that we consider to be material weaknesses.

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 deficiencies described in the accompanying Schedule of Findings and Responses as items 2024-001 and 2024-002 to be material weaknesses.

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Lewis 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2024-001 and 2024-002.

Views of Responsible Official and Planned Corrective Action

Government Auditing Standards requires the auditor to perform limited procedures on the Lewis 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

Allison Ball
Auditor of Public Accounts
Frankfort, Ky

April 30, 2026

LEWIS COUNTY
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended June 30, 2024

THIS PAGE LEFT BLANK INTENTIONALLY

LEWIS COUNTY
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended June 30, 2024

FINANCIAL STATEMENT FINDINGS:

2024-001 The Lewis County Fiscal Court Failed To Implement Adequate Controls Over Debt Related Transactions That Resulted In Exceeding The Approved Budget

This is a repeat finding and was included in the prior year audit report as finding 2023-003. During the year, the county entered into a debt agreement to purchase trucks for the road department for a cost of $533,448. These funds did not flow through the county's financial reporting system and therefore that activity was not recorded on the county's receipts and disbursements as required. As a result, the fiscal court failed to properly budget for the debt-related receipts and disbursements in the Road Fund. Failing to account for this activity resulted in $558,953 of appropriations in excess of budget appropriations in the Road Fund – Debt Service category. Management was unaware that financing obligation proceeds and activity must be shown on the financial statement and budgeted, even when the county does not receive the proceeds. Omission of this activity on the fourth quarter financial report resulted in county appropriations exceeding the approved budget.

KRS 68.300 states, "[a]ny appropriation made or claim allowed by the fiscal court in excess of any budget fund, and any warrant or contract not made within the budget appropriations, shall be void."

KRS 68.280 gives fiscal courts the ability to amend the budget when necessary. Amending the budget would have prevented appropriations from exceeding the approved budget. Because the fiscal court is obligated for these financing obligations, all debt should be budgeted for and recorded.

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." Proper recording is a basic internal control necessary to ensure the accuracy and reliability of financial reports.

We recommend the fiscal court comply with KRS 68.300 and KRS 68.280 by budgeting all fiscal court disbursements and amending the budget as necessary to reflect unanticipated receipts and disbursements.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: This is an oversight. Making a procedure on internal controls for reporting debt services. This has been corrected in the June 30, 2026 fiscal year audit.

2024-002 The Lewis County Fiscal Court Failed To Properly Approve All Disbursements

The fiscal court issued purchase orders dated after the invoice date for 30 of the 51 expenditures tested totaling $1,418,577. A lack of understanding by management and lack of internal controls over purchasing contributed to the county issuing purchase orders after the date of purchase.

As a result, the fiscal court's appropriation line items may be depleted or in a negative balance due to not ensuring funds are available at the time of purchase, the users of the information could be misled by recording errors, and vendors may not receive payments timely.

LEWIS COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2024
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-002 The Lewis County Fiscal Court Failed To Properly Approve All Disbursements (Continued)

According to a memorandum from the Office of the Governor Department for Local Government (DLG) dated August 4, 2016, "The main purpose of this system is to ensure that purchases can be made if there are sufficient appropriations available within the amount of line items that purchases can be made if there are sufficient appropriations available within the amount of line items in the county's budget. Because of this, it is a requirement by the State Local Finance Officer that all counties have a purchase order system and follow the guidelines prescribed on Page 54 of the *County Budget preparation and State Local Finance Officer Policy Manual*". Furthermore, "DLG highly recommends that counties accept the practice of issuing PO's for payroll and utility claims."

We recommend the fiscal court comply with DLG's requirements by issuing purchase orders on all disbursements, strengthen controls over recording transactions to ensure proper posting to accounts, and better document the payment of invoices as required by state law..

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: This was due to not receiving invoices in a timely manner. We have implemented a procedure in place to correct this finding.

CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

LEWIS COUNTY FISCAL COURT

For The Year Ended June 30, 2024

Appendix A

THIS PAGE LEFT BLANK INTENTIONALLY

CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE

LEWIS COUNTY FISCAL COURT

For The Year Ended June 30, 2024

The Lewis 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.

George Sparks

Lewis County Judge/Executive

Penny Lee

Lewis County Treasurer