REPORT OF THE AUDIT OF THE
LEWIS COUNTY
FISCAL COURT

For The Year Ended
June 30, 2025

ALLISON BALL
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CONTENTS PAGE

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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 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, 2025, 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, 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 Lewis 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 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.

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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 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.

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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 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.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 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:

2025-001 The Lewis County Fiscal Court Failed To Implement Adequate Controls Over Debt Related Transactions That Resulted In Exceeding The Approved Budget
2025-002 The Lewis County Fiscal Court Did Not Utilize Purchase Orders Correctly

Respectfully submitted,

Allison Ball

Allison Ball
Auditor of Public Accounts
Frankfort, Ky

June 11, 2026

LEWIS COUNTY OFFICIALS

For The Year Ended June 30, 2025

Fiscal Court Members:

George Sparks	County Judge/Executive
Mark Horsley	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
Morgan Cooper	Finance Officer

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

For The Year Ended June 30, 2025

LEWIS 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	$ 2,023,037	$	$	$
Excess Fees	15,145			
Licenses and Permits	22,254			
Intergovernmental	408,921	2,569,480	67,153	17,839
Charges for Services	2,300			
Miscellaneous	98,975	507,871	4,061	
Interest	2,377	4,188	119	73
Total Receipts	2,573,009	3,081,539	71,333	17,912
DISBURSEMENTS				
General Government	1,245,518			22,102
Protection to Persons and Property	68,145		471,163	
General Health and Sanitation	155,789			6,875
Social Services	15,933			
Recreation and Culture	27,399			
Roads		2,204,093		
Debt Service		587,202		
Administration	524,928	264,925	20,335	
Total Disbursements	2,037,712	3,056,220	491,498	28,977
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	535,297	25,319	(420,165)	(11,065)
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds		557,524		
Transfers From Other Funds	234,000		400,000	
Transfers To Other Funds	(456,900)	(234,000)		
Total Other Adjustments to Cash (Uses)	(222,900)	323,524	400,000	
Net Change in Fund Balance	312,397	348,843	(20,165)	(11,065)
Fund Balance - Beginning	818,461	568,927	36,439	33,524
Fund Balance - Ending	$ 1,130,858	$ 917,770	$ 16,274	$ 22,459
Composition of Fund Balance				
Bank Balance	$ 1,140,186	$ 1,101,803	$ 47,732	$ 22,459
Less: Outstanding Checks	(9,328)	(184,033)	(31,458)	
Certificates of Deposit				
Fund Balance - Ending	$ 1,130,858	$ 917,770	$ 16,274	$ 22,459

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, 2025
(Continued)

Budgeted Funds						
CDBG Camp Dix VFD Fund	**Animal Shelter Fund**	**E911 Fund**	**Special County Clerk Fund**	**Special Opioid Fund**	**Grant Fund**	**Special Escrow Fund**
$	$	$ 126,079	$	$	$	$
44,873	1,291	196,074				
	3,200					
	834	183	17,320	68,475		
	9	210		4,122		622
44,873	5,334	322,546	17,320	72,597		622
44,873			4,042			
		346,542			11,895	
	47,260					
		48,681				
44,873	47,260	395,223	4,042		11,895	
	(41,926)	(72,677)	13,278	72,597	(11,895)	622
	45,000				11,900	
	45,000				11,900	
	3,074	(72,677)	13,278	72,597	5	622
100	1,239	88,467	28,481	228,655	3	248,399
$ 100	$ 4,313	$ 15,790	$ 41,759	$ 301,252	$ 8	$ 249,021
$ 100	$ 4,363	$ 52,648	$ 41,759	$ 169,936	$ 8	$ 249,021
	(50)	(36,858)				
				131,316		
$ 100	$ 4,313	$ 15,790	$ 41,759	$ 301,252	$ 8	$ 249,021

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

	Unbudgeted Fund	
	Public Properties Corporation Fund	Total Funds
RECEIPTS		
Taxes	$	$ 2,149,116
Excess Fees		15,145
Licenses and Permits		22,254
Intergovernmental	387,100	3,692,731
Charges for Services		5,500
Miscellaneous		697,719
Interest	520	12,240
Total Receipts	387,620	6,594,705
DISBURSEMENTS		
General Government		1,316,535
Protection to Persons and Property		897,745
General Health and Sanitation		209,924
Social Services		15,933
Recreation and Culture		27,399
Roads		2,204,093
Debt Service	385,850	973,052
Administration	1,500	860,369
Total Disbursements	387,350	6,505,050
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	270	89,655
Other Adjustments to Cash (Uses)		
Financing Obligation Proceeds		557,524
Transfers From Other Funds		690,900
Transfers To Other Funds		(690,900)
Total Other Adjustments to Cash (Uses)		557,524
Net Change in Fund Balance	270	647,179
Fund Balance - Beginning	1,010	2,053,705
Fund Balance - Ending	$ 1,280	$ 2,700,884
Composition of Fund Balance		
Bank Balance	$ 1,280	$ 2,831,295
Less: Outstanding Checks		(261,727)
Certificates of Deposit		131,316
Fund Balance - Ending	$ 1,280	$ 2,700,884

INDEX FOR NOTES
TO THE FINANCIAL STATEMENT

LEWIS COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2025

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)

Budgeted Funds (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.

CDBG Camp Dix VFD 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.

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

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

Special 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.

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.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information (Continued)

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).

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 withheld from the actual debt proceeds received or not, are reported as disbursements. Debt proceeds are reported as other adjustments to cash.

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

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.

Note 3. Transfers

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

	General Fund	Road Fund	Total Transfers In
General Fund	$	$ 234,000	$ 234,000
Jail Fund	400,000		400,000
Grant Fund	11,900		11,900
Animal Shelter Fund	45,000		45,000
Total Transfers Out	$ 456,900	$ 234,000	$ 690,900

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

A. Leases – Lessor

The Lewis 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
Judicial Center	3/1/2015	11 Years	Yearly	3/1/2026	$ 387,100	$ 341,150

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

Note 4. Commitments – Lease Agreements (Continued)

B. Leases – Lessee

The Lewis 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
Copier	7/13/2023	3 Years	Monthly	7/13/2026	$ 211	$ 1,957
Copier	3/8/2024	5 Years	Monthly	3/8/2029	$ 84	$ 3,673

Note 5. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Dump Trucks

On July 9, 2024, the Lewis County Fiscal Court entered into a $557,524 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. As of June 30, 2025, this direct borrowing was paid in full.

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.

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

Note 5. Long-term Debt (Continued)

B. Other Debt (Continued)

1. Judicial Center – First Mortgage Refunding Revenue Bonds (Continued)

The total principal balance was $330,000 as of June 30, 2025. Future principal and interest requirements are.

Fiscal Year Ending June 30	Principal	Scheduled Interest
2026	$ 330,000	$ 9,900
Totals	$ 330,000	$ 9,900

C. Changes In Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	$	$ 557,524	$ 557,524	$	$
Other Debt	695,000		365,000	330,000	330,000
Total Long-term Debt	$ 695,000	$ 557,524	$ 922,524	$ 330,000	$ 330,000

D. 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	Other Debt Principal	Other Debt Interest
2026	$ 330,000	$ 9,900
Totals	$ 330,000	$ 9,900

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

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 2023 was $445,450, FY 2024 was $427,381, and FY 2025 was $350,619.

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. 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%.

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'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.

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

Note 6. Employee Retirement System (Continued)

Hazardous (Continued)

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 38.61%.

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.

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.

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

Note 6. 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. Health Insurance Coverage - Tier 2 and Tier 3 - Hazardous

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. 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.

E. 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.

F. 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.

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

Note 6. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

G. 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.

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, 2025, 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.

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

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, 2025, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

LEWIS COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2025

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LEWIS 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	$ 1,742,500	$ 1,742,500	$ 2,023,037	$ 280,537
Excess Fees	41,000	41,000	15,145	(25,855)
Licenses and Permits	22,000	22,000	22,254	254
Intergovernmental	400,082	400,082	408,921	8,839
Charges for Services	800	800	2,300	1,500
Miscellaneous	51,500	51,500	98,975	47,475
Interest	1,000	1,000	2,377	1,377
Total Receipts	2,258,882	2,258,882	2,573,009	314,127
DISBURSEMENTS				
General Government	1,158,452	1,422,566	1,245,518	177,048
Protection to Persons and Property	142,399	147,146	68,145	79,001
General Health and Sanitation	161,932	165,432	155,789	9,643
Social Services	9,600	17,600	15,933	1,667
Recreation and Culture		35,000	27,399	7,601
Administration	886,499	571,138	524,928	46,210
Total Disbursements	2,358,882	2,358,882	2,037,712	321,170
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(100,000)	(100,000)	535,297	635,297
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	260,000	260,000	234,000	(26,000)
Transfers To Other Funds	(610,000)	(610,000)	(456,900)	153,100
Total Other Adjustments to Cash (Uses)	(350,000)	(350,000)	(222,900)	127,100
Net Change in Fund Balance	(450,000)	(450,000)	312,397	762,397
Fund Balance - Beginning	450,000	450,000	818,461	368,461
Fund Balance - Ending	$ 0	$ 0	$ 1,130,858	$ 1,130,858

LEWIS 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	$ 1,871,719	$ 1,871,719	$ 2,569,480	$ 697,761
Miscellaneous	679,252	679,252	507,871	(171,381)
Interest	3,000	3,000	4,188	1,188
Total Receipts	2,553,971	2,553,971	3,081,539	527,568
DISBURSEMENTS				
Roads	3,140,898	3,167,454	2,204,093	963,361
Debt Service	65,000	65,000	587,202	(522,202)
Capital Projects	500	500		500
Administration	387,573	361,017	264,925	96,092
Total Disbursements	3,593,971	3,593,971	3,056,220	537,751
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,040,000)	(1,040,000)	25,319	1,065,319
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds	300,000	300,000	557,524	257,524
Transfers To Other Funds	(260,000)	(260,000)	(234,000)	26,000
Total Other Adjustments to Cash (Uses)	40,000	40,000	323,524	283,524
Net Change in Fund Balance	(1,000,000)	(1,000,000)	348,843	1,348,843
Fund Balance - Beginning	1,000,000	1,000,000	568,927	(431,073)
Fund Balance - Ending	$ 0	$ 0	$ 917,770	$ 917,770

LEWIS 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	$ 71,700	$ 71,700	$ 67,153	$ (4,547)
Miscellaneous	1,600	1,600	4,061	2,461
Interest	100	100	119	19
Total Receipts	73,400	73,400	71,333	(2,067)
DISBURSEMENTS				
Protection to Persons and Property	583,907	584,166	471,163	113,003
Administration	59,493	59,234	20,335	38,899
Total Disbursements	643,400	643,400	491,498	151,902
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(570,000)	(570,000)	(420,165)	149,835
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	550,000	550,000	400,000	(150,000)
Total Other Adjustments to Cash (Uses)	550,000	550,000	400,000	(150,000)
Net Change in Fund Balance	(20,000)	(20,000)	(20,165)	(165)
Fund Balance - Beginning	20,000	20,000	36,439	16,439
Fund Balance - Ending	$ 0	$ 0	$ 16,274	$ 16,274

LEWIS 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	$ 30,000	$ 30,000	$ 17,839	$ (12,161)
Interest	100	100	73	(27)
Total Receipts	30,100	30,100	17,912	(12,188)
DISBURSEMENTS				
General Government	24,626	24,626	22,102	2,524
General Health and Sanitation	8,000	8,000	6,875	1,125
Administration	35,474	35,474		35,474
Total Disbursements	68,100	68,100	28,977	39,123
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(38,000)	(38,000)	(11,065)	26,935
Net Change in Fund Balance	(38,000)	(38,000)	(11,065)	26,935
Fund Balance - Beginning	38,000	38,000	33,524	(4,476)
Fund Balance - Ending	$ 0	$ 0	$ 22,459	$ 22,459

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

	CDBG CAMP DIX VFD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 1,000,000	$ 1,000,000	$ 44,873	$ (955,127)
Total Receipts	1,000,000	1,000,000	44,873	(955,127)
DISBURSEMENTS				
General Government	1,000,000	1,000,000	44,873	955,127
Administration	100	100		100
Total Disbursements	1,000,100	1,000,100	44,873	955,227
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(100)	(100)		100
Net Change in Fund Balance	(100)	(100)		100
Fund Balance - Beginning	100	100	100	
Fund Balance - Ending	$ 0	$ 0	$ 100	$ 100

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

ANIMAL SHELTER FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 100	$ 1,246	$ 1,291	$ 45
Charges for Services	5,400	5,400	3,200	(2,200)
Miscellaneous	1,100	1,100	834	(266)
Interest	10	10	9	(1)
Total Receipts	6,610	7,756	5,334	(2,422)
DISBURSEMENTS				
General Health and Sanitation	61,620	70,102	47,260	22,842
Administration	8,990	1,654		1,654
Total Disbursements	70,610	71,756	47,260	24,496
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(64,000)	(64,000)	(41,926)	22,074
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	60,000	60,000	45,000	(15,000)
Total Other Adjustments to Cash (Uses)	60,000	60,000	45,000	(15,000)
Net Change in Fund Balance	(4,000)	(4,000)	3,074	7,074
Fund Balance - Beginning	4,000	4,000	1,239	(2,761)
Fund Balance - Ending	$ 0	$ 0	$ 4,313	$ 4,313

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

	E911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	$ 145,000	$ 145,000	$ 126,079	$ (18,921)
Intergovernmental	236,143	236,143	196,074	(40,069)
Miscellaneous	1,000	1,000	183	(817)
Interest	400	400	210	(190)
Total Receipts	382,543	382,543	322,546	(59,997)
DISBURSEMENTS				
Protection to Persons and Property	370,793	397,823	346,542	51,281
Administration	111,750	84,720	48,681	36,039
Total Disbursements	482,543	482,543	395,223	87,320
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(100,000)	(100,000)	(72,677)	27,323
Net Change in Fund Balance	(100,000)	(100,000)	(72,677)	27,323
Fund Balance - Beginning	100,000	100,000	88,467	(11,533)
Fund Balance - Ending	$ 0	$ 0	$ 15,790	$ 15,790

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

	SPECIAL COUNTY CLERK FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	$ 25,000	$ 25,000	$ 17,320	$ (7,680)
Total Receipts	25,000	25,000	17,320	(7,680)
DISBURSEMENTS				
General Government	55,000	55,000	4,042	50,958
Total Disbursements	55,000	55,000	4,042	50,958
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(30,000)	(30,000)	13,278	43,278
Net Change in Fund Balance	(30,000)	(30,000)	13,278	43,278
Fund Balance - Beginning	30,000	30,000	28,481	(1,519)
Fund Balance - Ending	$ 0	$ 0	$ 41,759	$ 41,759

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

	SPECIAL OPIOID FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	$ 200,000	$ 200,000	$ 68,475	$ (131,525)
Interest	500	500	4,122	3,622
Total Receipts	200,500	200,500	72,597	(127,903)
DISBURSEMENTS				
Administration	326,500	326,500		326,500
Total Disbursements	326,500	326,500		326,500
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(126,000)	(126,000)	72,597	198,597
Net Change in Fund Balance	(126,000)	(126,000)	72,597	198,597
Fund Balance - Beginning	126,000	126,000	228,655	102,655
Fund Balance - Ending	$ 0	$ 0	$ 301,252	$ 301,252

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

GRANT FUND

	Budgeted Amounts		Actual Amounts, (Budgetary	Variance with Final Budget Positive
	Original	Final	Basis)	(Negative)
RECEIPTS				
Intergovernmental	$ 1,136,900	$ 1,136,900	$	$ (1,136,900)
Total Receipts	1,136,900	1,136,900		(1,136,900)
DISBURSEMENTS				
General Government	1,125,000	1,125,000		1,125,000
Protection to Persons and Property	11,900	11,900	11,895	5
Administration	100	100		100
Total Disbursements	1,137,000	1,137,000	11,895	1,125,105
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(100)	(100)	(11,895)	(11,795)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			11,900	11,900
Total Other Adjustments to Cash (Uses)			11,900	11,900
Net Change in Fund Balance	(100)	(100)	5	105
Fund Balance - Beginning	100	100	3	(97)
Fund Balance - Ending	$ 0	$ 0	$ 8	$ 8

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

	SPECIAL ESCROW FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	$ 500	$ 500	$ 622	$ 122
Total Receipts	500	500	622	122
DISBURSEMENTS				
General Government	250,500	250,500		250,500
Total Disbursements	250,500	250,500		250,500
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(250,000)	(250,000)	622	250,622
Net Change in Fund Balance	(250,000)	(250,000)	622	250,622
Fund Balance - Beginning	250,000	250,000	248,399	(1,601)
Fund Balance - Ending	$ 0	$ 0	$ 249,021	$ 249,021

LEWIS 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.

Note 2. Excess of Disbursements Over Appropriations

The Road Fund, debt service line-item exceeded budgeted appropriations by $522,202.

LEWIS COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2025

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LEWIS 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	Additions	Deletions	Ending Balance
Land	$ 620,908	$	$	$ 620,908
Buildings	8,470,693			8,470,693
Vehicles and Equipment	3,096,239	549,805	31,201	3,614,843
Other Equipment	1,214,850			1,214,850
Infrastructure	13,071,578	371,508		13,443,086
Total Capital Assets	$ 26,474,268	$ 921,313	$ 31,201	$ 27,364,380

LEWIS 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	$ 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

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 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, 2025, 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 June 11, 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 2025-001 and 2025-002 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 2025-001 and 2025-002.

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
Auditor of Public Accounts
Frankfort, Ky

June 11, 2026

LEWIS COUNTY
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended June 30, 2025

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LEWIS COUNTY
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended June 30, 2025

2025-001 The Lewis County Fiscal Court Failed To Implement Adequate Controls Over Debt Related Transactions That Resulted In Exceeding The Approved Budget

Condition and Context

This is the repeat of a similar finding that was included in the prior year audit report as finding 2024-001. During the year, the county entered into a debt agreement to purchase trucks for the road department in the amount of $557,524. 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 and record the debt-related receipts and disbursements in the Road Fund.

Cause

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.

Effect

The omission described above resulted in Fourth Quarter Financial Report receipts and disbursements being materially understated by $557,524. Failing to account for this activity also resulted in appropriations exceeding the budget for the Road Fund, debt service category by $522,202.

Criteria

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 allows fiscal courts to amend the budget when necessary to prevent appropriations from exceeding the approved budget. Because the fiscal court is responsible for these financing obligations, all debt should be budgeted for and recorded.

Recommendation

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. Made a procedure on internal controls for reporting debt services. This has been corrected in the June 30, 2026 fiscal year audit.

2025-002 The Lewis County Fiscal Court Did Not Utilize Purchase Orders Correctly

Condition and Context

The fiscal court issued purchase orders dated after the invoice date in 11 of the 42 expenditures sampled. As a result, the county paid a total of $525,598 of invoices without having a previously issued purchase order.

2025-002 The Lewis County Fiscal Court Did Not Utilize Purchase Orders Correctly (Continued)

Cause

A lack of understanding by management and a lack of controls over purchasing contributed to the county issuing purchase orders after the date of purchase.

Effect

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 are misled by recording errors, and vendors do not receive payments timely.

Criteria

According to a memorandum from the 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 (sic) for payroll and utility claims."

Recommendation

We recommend the fiscal court comply with DLG's requirements by issuing purchase orders on all disbursements.

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, 2025

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CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE

COUNTY FISCAL COURT

For The Year Ended June 30, 2025

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

County Judge/Executive

Penny Lee

County Treasurer