REPORT OF THE AUDIT OF THE SIMPSON COUNTY FISCAL COURT

For The Year Ended
June 30, 2025

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

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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 Mason Barnes, Simpson County Judge/Executive
Members of the Simpson 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 Simpson County Fiscal Court, for the year ended June 30, 2025, and the related notes to the financial statement, which collectively comprise the Simpson 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 Simpson 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 Simpson 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 Simpson 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 Simpson 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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Simpson 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 Simpson 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 May 29, 2026, on our consideration of the Simpson 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 Simpson 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 Simpson County Fiscal Court Failed To Implement Adequate Internal Controls Over Procurement And Disbursements
2025-002 The Simpson County Inmate Financial Report Does Not Reconcile To The Bank Statements
2025-003 The Simpson County Jail Lacked Adequate Controls Over Commissary Account Disbursements

Respectfully submitted,

Allison Ball

Allison Ball
Auditor of Public Accounts
Frankfort, Ky

May 29, 2026

SIMPSON COUNTY OFFICIALS

For The Year Ended June 30, 2025

Fiscal Court Members:

Mason Barnes	County Judge/Executive
Marty Chandler	Magistrate
Jeff Burr	Magistrate
Scott Poston	Magistrate
Myron Thurman	Magistrate

Other Elected Officials:

Sam Phillips	County Attorney
Eric Vaughn	Jailer
Austin Johnson	County Clerk
Beth Fiss	Circuit Court Clerk
Jere Dee Hopson	Sheriff
Alison Cummings	Property Valuation Administrator
Kevin Gilbert	Coroner

Appointed Personnel:

Nicole Law	County Treasurer
Michelle Henderson	Finance Officer
Michelle Henderson	Occupational Tax Administrator
Nicole Law	Payroll Officer
Stacie King	Administrative Assistant
Bobby Groves	Road Supervisor
Robert Palmer	Emergency Management Director

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

For The Year Ended June 30, 2025

SIMPSON 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
RECEIPTS			
Taxes	$ 7,639,596	$	$
In Lieu Tax Payments	44,049		
Licenses and Permits	507,279	45,605	
Intergovernmental	5,557,236	1,607,235	2,581,075
Charges for Services			96,034
Miscellaneous	143,612	37,748	410,210
Interest	454,482	38,757	5,746
Total Receipts	14,346,254	1,729,345	3,093,065
DISBURSEMENTS			
General Government	6,630,416		
Protection to Persons and Property	2,017,844		3,525,444
General Health and Sanitation	546,663		
Social Services	56,990		
Recreation and Culture	386,894		
Transportation Facility and Services		9,711	
Roads		1,084,077	
Debt Service	434,770		
Capital Projects	1,571,898	191,616	62,162
Administration	2,841,903	217,176	905,229
Total Disbursements	14,487,378	1,502,580	4,492,835
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(141,124)	226,765	(1,399,770)
Other Adjustments to Cash (Uses)			
Transfers From Other Funds	1,800,194		1,385,118
Transfers To Other Funds	(1,452,868)		
Total Other Adjustments to Cash (Uses)	347,326		1,385,118
Net Change in Fund Balance	206,202	226,765	(14,652)
Fund Balance - Beginning (Restated)	8,949,709	797,185	91,652
Fund Balance - Ending	$ 9,155,911	$ 1,023,950	$ 77,000
Composition of Fund Balance			
Bank Balance	$ 9,243,519	$ 1,024,439	$ 79,276
Less: Outstanding Checks	(87,608)	(489)	(2,276)
Fund Balance - Ending	$ 9,155,911	$ 1,023,950	$ 77,000

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

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

Budgeted Funds					
Local Government Economic Assistance Fund	**Federal Grant Fund**	**911 Fund**	**County Clerk Permanent Storage Fees Fund**	**Opioid Settlement Fund**	**American Rescue Plan Act Fund**
$	$	$ 293,915	$	$	$
286,119	123,006				
			40,720	62,265	
21,566			4,587	6,647	
307,685	123,006	293,915	45,307	68,912	
		363,611			
111,791					
276,254					
				120	
388,045		363,611		120	
(80,360)	123,006	(69,696)	45,307	68,792	
		67,750			
	(134,883)				(1,665,311)
	(134,883)	67,750			(1,665,311)
(80,360)	(11,877)	(1,946)	45,307	68,792	(1,665,311)
463,159	11,958	33,035	78,118	226,678	1,665,311
$ 382,799	$ 81	$ 31,089	$ 123,425	$ 295,470	$ 0
$ 382,799	$ 81	$ 118,577	$ 123,425	$ 295,470	$
		(87,488)			
$ 382,799	$ 81	$ 31,089	$ 123,425	$ 295,470	$ 0

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

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

	Unbudgeted Funds		
	Justice Center Corporation Fund	Jail Commissary Fund	Total Funds
RECEIPTS			
Taxes	$	$	$ 7,933,511
In Lieu Tax Payments			44,049
Licenses and Permits			552,884
Intergovernmental	214,906		10,369,577
Charges for Services			96,034
Miscellaneous		409,170	1,103,725
Interest	13,965		545,750
Total Receipts	228,871	409,170	20,645,530
DISBURSEMENTS			
General Government			6,630,416
Protection to Persons and Property			5,906,899
General Health and Sanitation			658,454
Social Services			56,990
Recreation and Culture		505,719	892,613
Transportation Facility and Services			9,711
Roads			1,360,331
Debt Service	214,406		649,176
Capital Projects			1,825,676
Administration			3,964,428
Total Disbursements	214,406	505,719	21,954,694
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	14,465	(96,549)	(1,309,164)
Other Adjustments to Cash (Uses)			
Transfers From Other Funds			3,253,062
Transfers To Other Funds			(3,253,062)
Total Other Adjustments to Cash (Uses)			
Net Change in Fund Balance	14,465	(96,549)	(1,309,164)
Fund Balance - Beginning	315,200	328,171	12,960,176
Fund Balance - Ending	$ 329,665	$ 231,622	$ 11,651,012
Composition of Fund Balance			
Bank Balance	$ 329,665	$ 232,352	$ 11,829,603
Less: Outstanding Checks		(730)	(178,591)
Fund Balance - Ending	$ 329,665	$ 231,622	$ 11,651,012

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

INDEX FOR NOTES
TO THE FINANCIAL STATEMENT

SIMPSON COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2025

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

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

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

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

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

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

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.

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

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 fees.

County Clerk Permanent Storage Fees Fund - The primary purpose of this fund is to account for the costs related to the storage of county clerk documents. The primary source of receipts for this fund is document fees from the county clerk's office.

Opioid Settlement Fund - The primary purpose of this fund is to document the expenses from the opioid settlement. The primary source of receipts for this fund are payouts from the opioid lawsuit settlement.

American Rescue Plan Act (ARPA) Fund - The primary purpose of this fund is to account for the ARPA funds expended by the county. The primary source of receipts for this fund is the federal government ARPA payments.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Justice Center 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 the justice center.

Jail Commissary Fund - The canteen operations are authorized pursuant to KRS 441.135. The profits generated from the sale of items are to be used for the benefit and to enhance the well-being of the inmates, or to enhance safety and security within the jail. The jailer is required to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Commissary Fund.

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 Jail Commissary Fund to be budgeted because the fiscal court does not approve the expenses of this fund.

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

E. Simpson County Elected Officials

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

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

Note 1. Summary of Significant Accounting Policies (Continued)

G. Long-term Obligations

The fund financial statement recognizes bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as disbursements. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as disbursements. Debt proceeds are reported as other adjustments to cash.

H. Related Organizations and Joint Ventures

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

Franklin-Simpson County Ambulance District
Simpson County Water District

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants do not retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a jointly governed organization. Based on this criteria, the following are considered jointly governed organizations of the Simpson County Fiscal Court:

Franklin-Simpson Industrial Authority
Franklin-Simpson Parks Board, Inc.

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based on this criteria, the following are considered joint ventures of the Simpson County Fiscal Court:

Franklin-Simpson County Planning and Zoning Commission
Franklin-Simpson County Planning and Zoning Adjustment Board

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.

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

Note 2. Deposits (Continued)

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	Federal Grant Fund	ARPA Fund	Total Transfers In
General Fund	$	$ 134,883	$ 1,665,311	$ 1,800,194
Jail Fund	1,385,118			1,385,118
911 Fund	67,750			67,750
Total Transfers Out	$ 1,452,868	$ 134,883	$ 1,665,311	$ 3,253,062

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. Custodial Funds

Custodial funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. In accordance with the regulatory basis of accounting, custodial funds are not presented on the financial statement.

The fiscal court has the following custodial funds:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the Jail Inmate Fund as of June 30, 2025, was $131,388.

SCORE Accounts – This fund accounts for funds received by SCORE work release inmates from their employers. The funds are able to be used by the inmates for various expenses allowed by the Department of Corrections and then the funds are given to the inmate on release. The balance of the SCORE accounts as of June 30, 2025, was $218,251.

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

Note 5. Commitments – Lease Agreements and Subscription-Based Information Technology Arrangements (SBITA)

A. Leases – Lessor

The Simpson 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
Drug Court Lease	7/1/2023	24 month	Quarterly	6/30/2025	$ 19,800	$ 0
Fire Protection Agreement[1]	12/1/2006	5 years	Monthly	9/30/2026	$ 28,342	$ 170,049
Administrative Office of the Courts[2]	7/17/2018	239 months	Semi-annual	6/1/2038	$ 214,406	$ 2,928,769

[1] Original agreement effective December 1, 2006, with an initial 5-year term ending September 30, 2011. The agreement provides for successive 5-year renewal term unless terminated. The current renewal term extends through September 30, 2026.

[2] The amount of payments listed represent the value of principal and interest payments received this fiscal year. Future payment amounts will vary based on the related debt service schedule disclosed in Note 7.2.

B. Leases – Lessee

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

Description	Effective Date	Length of Term	Frequency of Payments	Ending Date	Amount of Payments	Balance June 30, 2025
Postage Machine - Judge/Executive	3/16/2020	5 years	Quarterly	3/16/2025	$ 165	$ 0
Postage Machine - Sheriff	5/6/2021	5 years	Quarterly	5/16/2026	$ 172	$ 1,376
Postage Machine - County Clerk	6/15/2021	5 years	Quarterly	6/15/2026	$ 165	$ 827
Copier - Sheriff	9/30/2022	4 years	Monthly	9/30/2024	$ 150	$ 2,400
Copier - Judge/Executive	11/24/2021	4 years	Monthly	11/24/2025	$ 153	$ 767
Copier - Jail	11/24/2021	4 years	Monthly	11/24/2025	$ 110	$ 552
Computer Equipment	12/17/2021	5 years	Monthly	12/17/2026	$ 1,387	$ 9,709
Printer - Planning and Zoning	8/31/2023	5 years	Monthly	8/31/2028	$ 126	$ 5,055
Postage Machine - Judge/Executive	11/20/2024	5 years	Quarterly	11/20/2029	$ 198	$ 3,753

C. Subscription-Based Information Technology Arrangements (SBITA)

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

Description	Effective Date	Length of Term	Frequency of Payments	Ending Date	Amount of Payments	Balance June 30, 2025
CLEAR - Sheriff	7/1/2021	3 years	Monthly	7/1/2024	$ 274	$ 0
Everbridge, Inc	7/17/2023	3 years	Annually	7/17/2026	$ 5,274	$ 0
Software Management - County Clerk	12/17/2020	5 years	Monthly	12/17/2025	$ 2,336	$ 16,352
CLEAR - Sheriff	5/8/2025	3 years	Monthly	5/8/2028	$ 337	$ 12,433

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

Note 6. Receivable

On June 28, 2012, the Simpson County Fiscal Court issued $6,275,000 of taxable general obligation refunding and improvement bonds, series 2012, for the purpose of refunding and retiring debt of the Franklin-Simpson Industrial Authority, a jointly governed organization of the fiscal court. The fiscal court has entered into an inter-local agreement with the industrial authority requiring the industrial authority to make payments to the fiscal court for the amount of the bond payments. The terms of the agreement require payments to the fiscal court on or before May 20 and November 20 each year beginning November 20, 2012, until the bonds are paid in full. The maturity date of the bonds is June 1, 2032. In addition, the industrial authority shall remit to the fiscal court the net proceeds from the sale of any of the property the debt was retired using the bond proceeds unless a written waiver is obtained from the fiscal court. On November 7, 2017, the fiscal court voted to authorize a former county judge/executive to sign the waiver allowing the industrial authority to retain the net proceeds from the sale of ten acres in the Simpson Industrial Park for $299,620. The 2012 taxable general obligation refunding and improvement bonds were partially defeased on May 26, 2021, with the general obligation refunding and improvement bonds, series 2021, in the amount of $5,070,000. These bonds fall under the same inter-local agreement with the industrial authority and same payment requirements by the industrial authority. As of June 30, 2025, the principal balance due was $4,650,000 with $360,000 principal due within one year.

Note 7. Long-term Debt

A. Other Debt

1. General Obligation Refunding and Improvement Bonds, Series 2021

On May 26, 2021, the Simpson County Fiscal Court issued $5,070,000 of taxable general obligation refunding and improvement bonds, series 2021, for the purpose of partially refunding and retiring the taxable general obligation refunding and improvement bonds, series 2012 and for additional funds for the Franklin-Simpson Industrial Authority. Principal is payable annually on June 1 and interest is payable semiannually on June 1 and December 1. Interest rate is variable from 1.4 percent to 2 percent. The maturity date of the bonds is June 1, 2036. The fiscal court has entered into an inter-local agreement with the industrial authority requiring the industrial authority to make payments to the fiscal court for the amount of the bond payments on or before May 20 and November 20 each year. The bonds contain a provision that in event of default, outstanding amounts become immediately due if the fiscal court is unable to make payment. As of June 30, 2025, bonds outstanding were $4,295,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2026	$ 360,000	$ 74,800
2027	365,000	69,760
2028	370,000	64,650
2029	375,000	59,470
2030	380,000	54,220
2031-2035	2,015,000	165,600
2036	430,000	8,600
Totals	$ 4,295,000	$ 497,100

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

Note 7. Long-term Debt (Continued)

A. Other Debt (Continued)

2. First Mortgage Revenue Bonds, Series 2018

On July 17, 2018, the Simpson County Justice Center Corporation issued $3,120,000 of first mortgage revenue bonds, series 2018 (court facility project), for the purpose to finance the construction of certain repairs and renovations to the Simpson County Judicial Center. Principal is payable annually on June 1 and interest is payable semiannually on June 1 and December 1. The bond schedule includes a variable interest rate ranging from 3.00 percent to 3.625 percent, giving an average interest rate of 3.383 percent. The maturity date of the bonds is June 1, 2038. The bonds are secured by a foreclosable first mortgage lien on the project. In the event of default, the owners of the bonds have the option to foreclose on the project site, file suit to enforce all rights of the owners of the bonds, bring suit upon the bonds, require the corporation to account as if it were the trustee of an express trust for the owners of the bonds, declare all bonds due and payable with the option to sell investment obligations of the corporation and enforcing all choices in action of the corporation to the fullest legal extent in the name of the corporation for the use and benefit of the owners of the bonds. As of June 30, 2025, the principal balance was $2,235,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2026	$ 140,000	$ 75,356
2027	145,000	71,156
2028	150,000	66,806
2029	155,000	62,306
2030	160,000	57,269
2031-2035	880,000	202,307
2036-2038	605,000	44,163
Totals	$ 2,235,000	$ 579,363

B. 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
General Obligation Bonds	$ 4,650,000	$	$ 355,000	$ 4,295,000	$ 360,000
Revenue Bonds	2,370,000		135,000	2,235,000	140,000
Total Long-term Debt	$ 7,020,000	$ 0	$ 490,000	$ 6,530,000	$ 500,000

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

Note 7. Long-term Debt (Continued)

C. Aggregate Debt Schedule

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

Fiscal Year Ended June 30	Other Debt Principal	Other Debt Interest
2026	$ 500,000	$ 150,156
2027	510,000	140,916
2028	520,000	131,456
2029	530,000	121,776
2030	540,000	111,489
2031-2035	2,895,000	367,907
2036-2038	1,035,000	52,763
Totals	$ 6,530,000	$ 1,076,463

Note 8. Commitments and Contingencies

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

Note 9. 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 $1,364,758, FY 2024 was $1,302,827, and FY 2025 was $1,287,584.

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.

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

Note 9. Employee Retirement System (Continued)

Nonhazardous (Continued)

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.

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%.

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

Note 9. Employee Retirement System (Continued)

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.

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.

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

Note 9. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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.

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 10. Deferred Compensation

The Simpson 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 11. Health Reimbursement Account/Flexible Spending Account

The Simpson County Fiscal Court has established a health reimbursement account (HRA) and a flexible spending account (FSA) to provide employees an additional health benefit. The county has contracted with a third-party administrator to administer the plan. The plan provides a debit card to each employee with either $1,500 or $3,000, depending on the health insurance plan chosen, to be applied to the qualified medical expenses. Employees may also contribute additional pre-tax funds through payroll deduction to the flexible spending account. The balance of the health reimbursement account as of June 30, 2025, was $176,984. The balance of the flexible spending account as of June 30, 2025, was $28,770.

Note 12. Insurance

For the fiscal year ended June 30, 2025, the Simpson 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 13. Related Party Transactions

One of the Simpson County Fiscal Court magistrates owns a business that has supplied services for the fiscal court. The amount of services provided to the county for the fiscal year ended June 30, 2025, was $1,040.

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

Note 14. Conduit Debt

From time to time, the county has issued bonds to provide financial assistance to provide assistance to third parties 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 Simpson 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.

Note 15. Tax Abatements

A. Traughber Mechanical Services

On July 3, 2018, the occupational taxes were abated under the authority of ordinance 110.6 of the Simpson County Fiscal Court for Traughber Mechanical Services for ten years. Traughber Mechanical is eligible to receive this tax abatement pursuant to the Kentucky Business Investment Program (KRS 154.32-010 to 154.32-100) only if the company creates 10 jobs or more each year. The taxes were abated by the company retaining the .75% occupational taxes otherwise derived by the fiscal court from salaries, wages, and other compensation paid to the company's employees. For the fiscal year ended June 30, 2025, the fiscal court abated occupational taxes for Traughber Mechanical totaling $0.

B. XYZ CBD Processing, LLC

On September 21, 2018, the occupational taxes were abated under the authority of ordinance 110.7 of the Simpson County Fiscal Court for XYZ CBD Processing, LLC for ten years. XYZ CBD Processing, LLC is eligible to receive this tax abatement pursuant to the Kentucky Business Investment Program (KRS 154.32-010 to 154.32-100) only if the company creates 10 jobs or more each year. The taxes were abated by the company retaining the .75% occupational taxes otherwise derived by the fiscal court from salaries, wages, and other compensation paid to the company's employees. For the fiscal year ended June 30, 2025, the fiscal court abated occupational taxes for XYZ CBD Processing, LLC totaling $0.

Note 16. Prior Period Adjustments

The following adjustments were made to the ending fund balances for the prior period:

	General Fund	Road Fund	Jail Fund
Ending Fund Balances Prior Year	$ 8,949,150	$ 792,685	$ 90,720
Prior Year Voided Checks	559	4,500	932
Beginning Fund Balances Restated	$ 8,949,709	$ 797,185	$ 91,652

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SIMPSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2025

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SIMPSON 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	$ 7,358,856	$ 7,358,856	$ 7,639,596	$ 280,740
In Lieu Tax Payments	39,600	39,600	44,049	4,449
Licenses and Permits	472,500	472,500	507,279	34,779
Intergovernmental	6,162,240	6,180,515	5,557,236	(623,279)
Miscellaneous	24,137	60,524	143,612	83,088
Interest	278,579	278,579	454,482	175,903
Total Receipts	14,335,912	14,390,574	14,346,254	(44,320)
DISBURSEMENTS				
General Government	7,153,037	7,074,761	6,630,416	444,345
Protection to Persons and Property	2,650,796	2,691,408	2,017,844	673,564
General Health and Sanitation	546,739	547,739	546,663	1,076
Social Services	62,500	62,500	56,990	5,510
Recreation and Culture	319,553	387,112	386,894	218
Debt Service	434,770	434,770	434,770	
Capital Projects	2,038,425	1,945,148	1,571,898	373,250
Administration	897,653	3,292,114	2,841,903	450,211
Total Disbursements	14,103,473	16,435,552	14,487,378	1,948,174
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	232,439	(2,044,978)	(141,124)	1,903,854
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	161,567	161,567	1,800,194	1,638,627
Transfers To Other Funds	(1,297,262)	(1,297,262)	(1,452,868)	(155,606)
Total Other Adjustments to Cash (Uses)	(1,135,695)	(1,135,695)	347,326	1,483,021
Net Change in Fund Balance	(903,256)	(3,180,673)	206,202	3,386,875
Fund Balance - Beginning (Restated)	903,256	1,561,239	8,949,709	7,388,470
Fund Balance - Ending	$ 0	$ (1,619,434)	$ 9,155,911	$ 10,775,345

SIMPSON 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				
Licenses and Permits	$ 34,000	$ 34,000	$ 45,605	$ 11,605
Intergovernmental	1,398,513	1,475,513	1,607,235	131,722
Miscellaneous	1,750	15,892	37,748	21,856
Interest	18,617	18,617	38,757	20,140
Total Receipts	1,452,880	1,544,022	1,729,345	185,323
DISBURSEMENTS				
Transportation Facilities and Services	11,505	11,790	9,711	2,079
Roads	992,221	1,171,011	1,084,077	86,934
Capital Projects	210,000	203,864	191,616	12,248
Administration	239,154	237,357	217,176	20,181
Total Disbursements	1,452,880	1,624,022	1,502,580	121,442
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(80,000)	226,765	306,765
Net Change in Fund Balance		(80,000)	226,765	306,765
Fund Balance - Beginning (Restated)		80,000	797,185	717,185
Fund Balance - Ending	$ 0	$ 0	$ 1,023,950	$ 1,023,950

SIMPSON 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	$ 2,813,379	$ 2,813,379	$ 2,581,075	$ (232,304)
Charges for Services	154,500	154,500	96,034	(58,466)
Miscellaneous	357,586	420,086	410,210	(9,876)
Interest	7,050	7,050	5,746	(1,304)
Total Receipts	3,332,515	3,395,015	3,093,065	(301,950)
DISBURSEMENTS				
Protection to Persons and Property	3,545,719	3,700,416	3,525,444	174,972
Capital Projects		62,500	62,162	338
Administration	1,119,058	964,361	905,229	59,132
Total Disbursements	4,664,777	4,727,277	4,492,835	234,442
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,332,262)	(1,332,262)	(1,399,770)	(67,508)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,297,262	1,297,262	1,385,118	87,856
Total Other Adjustments to Cash (Uses)	1,297,262	1,297,262	1,385,118	87,856
Net Change in Fund Balance	(35,000)	(35,000)	(14,652)	20,348
Fund Balance - Beginning (Restated)	35,000	35,000	91,652	56,652
Fund Balance - Ending	$ 0	$ 0	$ 77,000	$ 77,000

SIMPSON 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	$ 275,054	$ 275,054	$ 286,119	$ 11,065
Interest	1,200	1,200	21,566	20,366
Total Receipts	276,254	276,254	307,685	31,431
DISBURSEMENTS				
General Health and Sanitation	111,791	111,791	111,791	
Roads	276,254	276,254	276,254	
Total Disbursements	388,045	388,045	388,045	
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(111,791)	(111,791)	(80,360)	31,431
Net Change in Fund Balance	(111,791)	(111,791)	(80,360)	31,431
Fund Balance - Beginning	111,791	111,791	463,159	351,368
Fund Balance - Ending	$ 0	$ 0	$ 382,799	$ 382,799

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

	FEDERAL GRANT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 161,567	$ 161,567	$ 123,006	$ (38,561)
Total Receipts	161,567	161,567	123,006	(38,561)
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	161,567	161,567	123,006	(38,561)
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(161,567)	(161,567)	(134,883)	26,684
Total Other Adjustments to Cash (Uses)	(161,567)	(161,567)	(134,883)	26,684
Net Change in Fund Balance			(11,877)	(11,877)
Fund Balance - Beginning			11,958	11,958
Fund Balance - Ending	$ 0	$ 0	$ 81	$ 81

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

	911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	$ 318,533	$ 318,533	$ 293,915	$ (24,618)
Total Receipts	318,533	318,533	293,915	(24,618)
DISBURSEMENTS				
Protection to Persons and Property	318,533	364,410	363,611	799
Total Disbursements	318,533	364,410	363,611	799
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(45,877)	(69,696)	(23,819)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			67,750	67,750
Total Other Adjustments to Cash (Uses)			67,750	67,750
Net Change in Fund Balance		(45,877)	(1,946)	43,931
Fund Balance - Beginning			33,035	33,035
Fund Balance - Ending	$ 0	$ (45,877)	$ 31,089	$ 76,966

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

COUNTY CLERK PERMANENT STORAGE FEES FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	$ 43,590	$ 43,590	$ 40,720	$ (2,870)
Interest			4,587	4,587
Total Receipts	43,590	43,590	45,307	1,717
DISBURSEMENTS				
General Government	43,590	43,590		43,590
Total Disbursements	43,590	43,590		43,590
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			45,307	45,307
Net Change in Fund Balance			45,307	45,307
Fund Balance - Beginning			78,118	78,118
Fund Balance - Ending	$ 0	$ 0	$ 123,425	$ 123,425

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

	OPIOID SETTLEMENT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	$	$	$ 62,265	$ 62,265
Interest	2,400	2,400	6,647	4,247
Total Receipts	2,400	2,400	68,912	66,512
DISBURSEMENTS				
Administration	227,862	227,862	120	227,742
Total Disbursements	227,862	227,862	120	227,742
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(225,462)	(225,462)	68,792	294,254
Net Change in Fund Balance	(225,462)	(225,462)	68,792	294,254
Fund Balance - Beginning	225,462	225,462	226,678	1,216
Fund Balance - Ending	$ 0	$ 0	$ 295,470	$ 295,470

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

	ARPA FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
DISBURSEMENTS				
Administration	$ 1,680,879	$ 15,568	$	$ 15,568
Total Disbursements	1,680,879	15,568		15,568
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,680,879)	(15,568)		15,568
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(1,665,311)	(1,665,311)
Total Other Adjustments to Cash (Uses)			(1,665,311)	(1,665,311)
Net Change in Fund Balance	(1,680,879)	(15,568)	(1,665,311)	(1,649,743)
Fund Balance - Beginning	1,680,879	1,680,879	1,665,311	(15,568)
Fund Balance - Ending	$ 0	$ 1,665,311	$ 0	$ (1,665,311)

SIMPSON 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.

SIMPSON COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2025

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SIMPSON 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 and Land Improvements	$ 2,079,254	$	$	$ 2,079,254
Construction In Progress		2,336,436		2,336,436
Buildings	15,693,337			15,693,337
Vehicles and Equipment	3,866,695	1,512,570	310,868	5,068,397
Vehicles and Equipment - Commissary	295,745		45,354	250,391
Other Equipment	1,760,360	54,892	187,787	1,627,465
Infrastructure	12,926,637	2,406,272		15,332,909
Total Capital Assets	$ 36,622,028	$ 6,310,170	$ 544,009	$ 42,388,189

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

June 30, 2025

Note 1. Capital Assets

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported as other information. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	$ 25,000	10-60
Buildings and Building Improvements	$ 25,000	10-75
Vehicles and Equipment	$ 5,000	3-25
Other Equipment	$ 5,000	3-25
Infrastructure	$ 25,000	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 Mason Barnes, Simpson County Judge/Executive
Members of the Simpson 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 Simpson County Fiscal Court for the fiscal year ended June 30, 2025, and the related notes to the financial statement which collectively comprise the Simpson County Fiscal Court's financial statement and have issued our report thereon dated May 29, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Simpson 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 Simpson County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Simpson County Fiscal Court's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2025-001 to be a material weakness.

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

Report on Internal Control Over Financial Reporting (Continued)

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2025-002 and 2025-003 to be significant deficiencies.

Report on Compliance And Other Matters

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

Views of Responsible Officials and Planned Corrective Action

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

May 29, 2026

SIMPSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended June 30, 2025

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SIMPSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended June 30, 2025

2025-001 The Simpson County Fiscal Court Failed To Implement Adequate Internal Controls Over Procurement And Disbursements

Condition and Context

The Simpson County Fiscal Court did not implement adequate internal controls over procurement and disbursements to ensure that statutory requirements were met. As a result, the following noncompliances and issues were identified:

- Nine of 71 disbursements tested totaling $712,196 were not paid within 30 working days of receipt of an invoice.
- The fiscal court purchased a vehicle totaling $126,924 through an approved vendor using state agency price contract but failed to obtain three quotes from the vendors as required.
- The fiscal court did not provide itemized invoices for four of 59 credit card transactions tested totaling $63.
- The fiscal court paid more than the established meal per diem for travel on seven occasions. The total for overtures was $21.
- The fiscal court paid a total of $122 in sales tax on eleven of 59 credit card transactions tested.

Cause

The deficiencies resulted from a lack of adequate internal controls and oversight over procurement and disbursement processes. Per inquiry with the county staff, the invoices were paid late due to the fiscal court not receiving the invoices in a timely manner. Also, there was a lack of understanding of the requirements to obtain three quotes for items purchased through a state agency price contract.

Effect

As a result, the fiscal court was not in compliance with statutory requirements, which increases the county's risk of incurring interest penalties for late payments and not receiving the most advantageous pricing when the required quotes are not obtained. The lack of supporting documentation reduces transparency and increases the risk of unallowed disbursements. Finally, the overpayment of travel reimbursements and payment of sales tax when exempt, results in unnecessary expenditures and reduces funds available for other governmental purposes.

Criteria

KRS 65.140 (2)states "[u]nless the purchaser and vendor otherwise contract, all bills for goods or services shall be paid within thirty (30) working days of receipt of a vendor's invoice except when payment is delayed because the purchaser has made a written disapproval of improper performances or improper invoicing by the vendor or by the vendor's subcontractor."

During the fiscal year examined, KRS 424.260(1) stated, "[e]xcept where a statute specifically fixes a larger sum as the minimum for a requirement of advertisement for bids, no city, county, or district, or board or commission of a city or county, or sheriff or county clerk, may make a contract, lease, or other agreement for: (a)Materials; (b) Supplies, except perishable foods such as meat, poultry, fish, egg products, fresh vegetables, and fresh fruits; (c) Equipment; or (d) Contractual services other than professional; involving an expenditure of more than forty thousand dollars ($40,000) without first making newspaper advertisement for bids." The bid solicitation should include all components of the requested contract to be adequately advertised under this statute.

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

2025-001 The Simpson County Fiscal Court Failed To Implement Adequate Internal Controls Over Procurement and Disbursements (Continued)

Criteria (Continued)

In lieu of advertising for bids, KRS 45A.050(3) allows a county or fee official to procure vehicles using the Finance and Administration Cabinet's Master Agreements.

KRS 45A.055(1) states, "the secretary of the Finance and Administration Cabinet shall publish the initial state purchasing regulations in accordance with current Finance and Administration Cabinet policies and procedures."

The Finance and Administration Cabinet has developed updated Vehicle Purchasing Requirements that took effect as of February 1, 2023. As part of the requirements of using Master Agreements, a county or fee official must obtain a quote from a minimum of three dealers.

The Simpson County Administrative Code allows for certain circumstances that an individual may receive for meals per diem when traveling. The daily limit set by the code is $15 and an itemized receipt is required.

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." Effective internal controls over disbursements are necessary to ensure compliance with applicable statutes, disbursements are properly documented , and public funds are used efficiently.

Recommendations

We recommend the fiscal court implement internal controls over procurement and disbursements to ensure invoices are paid timely, properly supported, and in compliance with applicable laws and policies. Additionally, the fiscal court should ensure that it is obtaining a quote from a minimum of three dealers when purchasing vehicles through a state agency price contract.

Views of Responsible Official and Planned Corrective Action

County Judge/Executive's Response: Most of the invoices within this total is due to the fact that vendors sent them to us past the invoice date. They were either lost in email or mail. Our office had to request them or they were submitted at later dates than the invoice date without it being adjusted. On another invoice, we have to wait for payments before we process the check to the vendor. Some of those payments to us were delinquent which causes a delay in us processing the check.

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

2025-002 The Simpson County Inmate Financial Report Does Not Reconcile To The Bank Statements

Condition and Context

The Simpson County Jail Inmate account financial statement does not agree to the amounts that were processed through the bank for the 2024-2025 fiscal year. The financial statement included an additional $21,658 in receipts and $80,642 in disbursements that do not appear to have occurred when comparing them to the bank statements. In addition, as of June 30, 2025, an unexplained balance of $50,931 remains in the inmate account after accounting for June 2025 liabilities and outstanding inmate balances.

Cause

Per the jailer and the bookkeeper, this issue is being caused due to issues with the inmate account and commissary account financial software. Some of the transactions included on the provided financial statement for the inmate account are possibly from holding accounts or intra-account transactions. When they contacted the software company, the company was unable to provide the needed reports to reconcile the differences.

Effect

Without proper reconciliation of the inmate account to the activity on the bank statements, the financial statements cannot provide a clear and accurate representation of activity. The inmate account is a trust account for funds being held on behalf of the inmates. Without proper reconciliations, it is difficult to determine if all inmate funds are being properly accounted for.

Criteria

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

Recommendations

We recommend the Simpson County Jail ensure that it is able to create timely and accurate financial reports for all accounts, whether that be through its software vendor or by other means. We also recommend the jail look into the outstanding account balance to determine if any additional funds should be paid out of the account.

Views of Responsible Official and Planned Corrective Action

Jailer's Response: We are currently conversing with our current software vendor to find the unexplained balance. We do intend on switching financial software vendors this fiscal year.

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

2025-003 The Simpson County Jail Lacked Adequate Controls Over Commissary Account Disbursements

Condition and Context

During our testing of commissary account disbursements, we noted the following:

- Lump sum payments totaling $98,686 were made to the fiscal court for canteen employee wages, SCORE program employees, and additional training without supporting invoices or documentation. These payments were based on estimated budgeted amounts rather than actual costs.
- $298 was spent on a desk chair for administrative use that does not enhance the well-being of the inmates.
- $1,466 was spent on facility maintenance, including cell door repairs and supplies for numbering cell doors, which are Department of Corrections' basic facility requirements.
- A $2,500 payment for phone cards was not made within 30 working days of receipt of the invoice.
- $15,074 was spent on food and drinks purchased from nonprofit organizations to support various fundraisers.
- $4,512 in purchases were made using a debit card.

Cause

The jail lacked adequate internal controls over commissary disbursements, including procedures to ensure expenditures were properly supported, allowable, and paid in accordance with statutory requirements. According to the jailer, the jail staff believed that all the items noted above were allowable expenses that could be paid using commissary account funds. Also, the jail staff did not realize that lump sum payments based on estimated costs and debit card purchases were not allowed.

Effect

As a result of the lack of adequate controls over commissary account disbursements, the jail is not in compliance with statutory requirements and has expended funds for purposes not allowed by statute. As a result, there may be less profits available for use to enhance the security of the jail or the well-being of the inmates.

Criteria

KRS 441.135 states that commissary account profits can only be used for the benefit and to enhance the well-being of the inmates or to enhance the safety and security within the jail. The amount paid for goods bought from various organizations' fundraisers is above market price so that a portion of the paid amount can serve as a donation to the organization. While buying the food for the inmates would be a valid way to benefit and enhance the wellbeing of the inmates, a donation to an organization does not serve this purpose.

KRS 65.140 generally requires local governments to pay for goods and services within 30 working days of receipt of the invoice for the same.

Recommendations

We recommend the jail establish and implement adequate internal controls over commissary account disbursements to ensure all expenditures are properly supported, allowable, and in compliance with applicable laws and regulations. The jail should only spend commissary funds on allowable items that are for the benefit and that enhance the well-being of the inmates or security within the jail. In addition, the jail should ensure funds are used efficiently for commissary purchases.

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

2025-003 The Simpson County Jail Lacked Adequate Controls Over Commissary Account Disbursements (Continued)

Recommendation (Continued)

We also recommend the Simpson County Jail ensure that all disbursements have an itemized invoice or other proper supporting documentation before authorizing the payment. The Simpson County Jail should ensure that it does not make lump sum payments without supporting documentation, including an itemized invoice. Additionally, we recommend the jail prohibit debit card use and ensure all disbursements are paid within 30 working days of receipt of the invoice.

Views of Responsible Official and Planned Corrective Action

Jailer's Response: We agree and will follow the auditor's recommendations. We will receive itemized statements from fiscal court before making payment. We will closely scrutinize purchases to make sure they are compliant with the auditor's recommendation. We will continue to keep detailed receipts of any purchases that must be made by debit card.

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CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

SIMPSON COUNTY FISCAL COURT

For The Year Ended June 30, 2025

Appendix A

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CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE

SIMPSON COUNTY FISCAL COURT

For The Year Ended June 30, 2025

The Simpson 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.

County Judge/Executive

County Treasurer