

**REPORT OF THE AUDIT OF THE  
SIMPSON COUNTY  
FISCAL COURT**

**For The Year Ended  
June 30, 2018**



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**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

The Honorable Matthew G. Bevin, Governor

William M. Landrum III, Secretary

Finance and Administration Cabinet

The Honorable Mason Barnes, Simpson County Judge/Executive

The Honorable Jamie Spears, Former Simpson County Judge/Executive

The Honorable Jim Henderson, Former Simpson County Judge/Executive

Members of the Simpson County Fiscal Court

Independent Auditor's Report

**Report on the Financial Statement**

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, 2018, 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.

**Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of this 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Audit Guide for Fiscal Court Audits* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.



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### **Auditor's Responsibility (Continued)**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **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.

### **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 paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Simpson County Fiscal Court as of June 30, 2018, or changes in financial position or cash flows thereof for the year then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of the Simpson County Fiscal Court as of June 30, 2018, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

### **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 and the Capital Asset Schedule 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.

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**Other Matters (Continued)**

*Supplementary Information (Continued)*

The accompanying Budgetary Comparison Schedules and Capital Asset Schedule 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 and the Capital Asset Schedule are fairly stated in all material respects in relation to the financial statement as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2019, 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 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 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:

- 2018-001 The Simpson County Fiscal Court Did Not Bid Food Service Agreement
- 2018-002 The Simpson County Fiscal Court Was Not In Compliance With Occupational Tax Ordinances
- 2018-003 The Simpson County Fiscal Court Did Not Maintain Complete And Accurate Capital Asset Schedules In Order To Comply With Regulatory Requirements

Respectfully submitted,



Mike Harmon  
Auditor of Public Accounts

January 29, 2019

**SIMPSON COUNTY OFFICIALS****For The Year Ended June 30, 2018****Fiscal Court Members:**

Jim Henderson	County Judge/Executive (July 1, 2017 through January 1, 2018)
Jamie Spears	County Judge/Executive (January 2, 2018 through June 30, 2018)
Bobby Bush	Magistrate
Larry Randolph	Magistrate
Marty Chandler	Magistrate
Blake Tarpley	Magistrate

**Other Elected Officials:**

Sam Phillips	County Attorney
Eric Vaughn	Jailer
Jolene Thurman	County Clerk
Mary Thomas Vincent	Circuit Court Clerk
Jere Dee Hopson	Sheriff
Pam Womack	Property Valuation Administrator (July 1, 2017 through May 26, 2018)
Vicki Girten	Property Valuation Administrator (May 27, 2018 through May 30, 2018)
Robert Taylor	Property Valuation Administrator (May 31, 2018 through June 30, 2018)
Gary Crafton	Coroner

**Appointed Personnel:**

Meghann Lillard	County Treasurer
Nicole Law	Finance Officer
Nicole Law	Occupational Tax Administrator
Nicole Law	Payroll Officer
Pam Rohrs	Fiscal Court Clerk and Deputy Judge
Bobby Groves	Road Supervisor
Cathy Witt	Jail Administrative Assistant Bookkeeper



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

**For The Year Ended June 30, 2018**

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

**For The Year Ended June 30, 2018**

	<b>Budgeted Funds</b>			
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>Local Government Economic Assistance Fund</b>
<b>RECEIPTS</b>				
Taxes	\$ 4,272,297	\$	\$	\$
In Lieu Tax Payments	59,997			
Licenses and Permits	148,286	25,924		
Intergovernmental	2,494,110	1,583,272	3,287,623	166,761
Charges for Services	115		106,010	
Miscellaneous	81,770	79,239	142,860	
Interest	3,018	1,643	223	366
Total Receipts	<u>7,059,593</u>	<u>1,690,078</u>	<u>3,536,716</u>	<u>167,127</u>
<b>DISBURSEMENTS</b>				
General Government	3,586,457			
Protection to Persons and Property	809,722		2,949,008	
General Health and Sanitation	410,292			
Social Services	77,467			
Recreation and Culture	545,271			
Transportation Facilities and Services		6,878		
Roads		1,631,219		101,480
Debt Service	451,827		392,576	
Capital Projects	191,546	47,473		
Administration	284,281	154,411	814,606	
Total Disbursements	<u>6,356,863</u>	<u>1,839,981</u>	<u>4,156,190</u>	<u>101,480</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>702,730</u>	<u>(149,903)</u>	<u>(619,474)</u>	<u>65,647</u>
<b>Other Adjustments to Cash (Uses)</b>				
Bond Proceeds - Good Faith Deposit			480,097	
Transfers From Other Funds				
Transfers To Other Funds	(554,297)			
Total Other Adjustments to Cash (Uses)	<u>(554,297)</u>		<u>480,097</u>	
Net Change in Fund Balance	148,433	(149,903)	(139,377)	65,647
Fund Balance - Beginning (Restated)	1,749,009	445,242	304,851	92,888
Fund Balance - Ending	<u>\$ 1,897,442</u>	<u>\$ 295,339</u>	<u>\$ 165,474</u>	<u>\$ 158,535</u>
<b>Composition of Fund Balance</b>				
Bank Balance	\$ 1,759,640	\$ 205,396	\$ 184,525	\$ 158,535
Deposits In Transit				
Less: Outstanding Checks	(68,009)	(11,765)	(19,051)	
Certificates of Deposit	205,811	101,708		
Fund Balance - Ending	<u>\$ 1,897,442</u>	<u>\$ 295,339</u>	<u>\$ 165,474</u>	<u>\$ 158,535</u>

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, 2018**  
**(Continued)**

<u>Budgeted Funds</u>		<u>Unbudgeted Funds</u>		
<u>911 Fund</u>		<u>Justice Center Corporation Fund</u>	<u>Jail Commissary Fund</u>	<u>Total Funds</u>
\$ 81,021	\$	\$	\$	\$ 4,353,318
				59,997
				174,210
25,000		581,580		8,138,346
				106,125
		3	687,299	991,171
				5,250
<u>106,021</u>		<u>581,583</u>	<u>687,299</u>	<u>13,828,417</u>
				3,586,457
184,880				3,943,610
				410,292
				77,467
			725,922	1,271,193
				6,878
				1,732,699
		581,580		1,425,983
				239,019
				1,253,298
<u>184,880</u>		<u>581,580</u>	<u>725,922</u>	<u>13,946,896</u>
(78,859)		3	(38,623)	(118,479)
		62,400		62,400
74,200				554,297
				(554,297)
<u>74,200</u>		<u>62,400</u>		<u>62,400</u>
(4,659)		62,403	(38,623)	(56,079)
17,918		149	166,913	2,776,970
<u>\$ 13,259</u>	<u>\$</u>	<u>62,552</u>	<u>\$ 128,290</u>	<u>\$ 2,720,891</u>
\$ 13,259	\$	62,552	\$ 132,094	\$ 2,516,001
			3,117	3,117
			(6,921)	(105,746)
				307,519
<u>\$ 13,259</u>	<u>\$</u>	<u>62,552</u>	<u>\$ 128,290</u>	<u>\$ 2,720,891</u>

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

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**SIMPSON COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2018**

**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 as 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.

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 it is no longer a required component 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.

**SIMPSON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

**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 government 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.

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.

**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 public buildings.

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 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 and according to the laws of Kentucky as required by the state local finance officer.

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 justice center corporation fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

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.

**SIMPSON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**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).

**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, Jointly Governed 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 organizations governing board. Based on this criteria, the Franklin-Simpson County Ambulance District and the Simpson County Water District are considered related organizations of the Simpson County Fiscal Court.

**SIMPSON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**H. Related Organizations, Jointly Governed Organizations, and Joint Ventures (Continued)**

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 Franklin-Simpson Industrial Authority and the Franklin-Simpson Parks Board, Inc. are considered jointly governed organizations of the Simpson County Fiscal Court.

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 Franklin-Simpson County Planning and Zoning Commission and the Franklin-Simpson County Planning and Zoning Adjustment Board are considered joint ventures of the Simpson County Fiscal Court.

**I. Tax Abatements**

GASB Statement No. 77 - Tax Abatement Disclosures is effective for reporting periods beginning after December 15, 2015.

The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public presently. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.

**Note 2. Deposits**

The fiscal court maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC 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 KRS 66.480(1)(d) and KRS 41.240. As of June 30, 2018, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.



**SIMPSON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

**Note 3. Transfers**

The table below shows the interfund operating transfers for fiscal year 2018.

	General Fund	Total Transfers In
Jail Fund	\$ 480,097	\$ 480,097
911 Fund	74,200	74,200
Total Transfers Out	<u>\$ 554,297</u>	<u>\$ 554,297</u>

Reason for transfers:

To move resources from the general fund, for budgetary purposes, to the funds that will expend them.

**Note 4. 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 Henderson Industrial Park for \$299,620. As of June 30, 2018, the principal balance due was \$4,730,000 with \$275,000 principal due within one year.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Industrial Authority	\$ 5,000,000	\$	\$ 270,000	\$ 4,730,000	\$ 275,000
Total Receivable	<u>\$ 5,000,000</u>	<u>\$ 0</u>	<u>\$ 270,000</u>	<u>\$ 4,730,000</u>	<u>\$ 275,000</u>

**SIMPSON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

**Note 5. Long-term Debt**

**A. General Obligation Public Project Refunding Bonds, Series 2010**

On June 3, 2010, the Simpson County Fiscal Court issued \$3,610,000 of General Obligation Public Project Refunding Bonds, Series 2010, for the purpose of advanced refunding of the Detention Facility Improvement Bonds, Series 2000. Principal is payable annually on September 1 and interest is payable semiannually on September 1 and March 1. The interest rate is 2.75 percent. The maturity date of the bonds is September 1, 2021. As of June 30, 2018, bonds outstanding were \$1,340,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2019	\$ 320,000	\$ 32,450
2020	330,000	23,512
2021	340,000	14,300
2022	350,000	4,813
Totals	<u>\$ 1,340,000</u>	<u>\$ 75,075</u>

**B. Justice Center Corporation First Mortgage Revenue Refunding Bonds, Series 2010**

On October 28, 2010, the Simpson County Justice Center Corporation, an agency and instrumentality of the Simpson County Fiscal Court, created on March 20, 2001, issued \$6,000,000 of First Mortgage Revenue Refunding Bonds, Series 2010, for the purpose of advance refunding the outstanding Mortgage Revenue Bonds, Series 2002 and paying the associated costs of issuing the bonds. Principal is payable annually on June 30 and interest is payable semiannually on December 31 and June 30. The interest rate is variable from 1 percent to 3.2 percent. The maturity date of the bonds is March 1, 2023. The corporation has entered into an agreement to lease the Simpson County Judicial Center to the Administrative Office of the Courts, Commonwealth of Kentucky, for approximately 100 percent of the Simpson County Judicial Center. As of June 30, 2018, bonds outstanding were \$2,660,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Interest
2019	\$ 500,000	\$ 82,030
2020	515,000	67,030
2021	530,000	51,580
2022	550,000	35,680
2023	565,000	18,080
Totals	<u>\$ 2,660,000</u>	<u>\$ 254,400</u>

**SIMPSON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

**C. Taxable General Obligation Refunding and Improvement Bonds Series 2012**

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. Principal is payable annually on June 1 and interest is payable semiannually on June 1 and December 1. The interest rate is variable from 2 percent to 4 percent. The maturity date of the bonds is June 1, 2032. 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. 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 the 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 Henderson Industrial Park for \$299,620. As of June 30, 2018, bonds outstanding were \$4,730,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2019	\$ 275,000	\$ 162,963
2020	285,000	156,775
2021	290,000	150,006
2022	295,000	142,031
2023	305,000	133,181
2024-2028	1,685,000	506,073
2029-2032	1,595,000	162,800
Totals	<u>\$ 4,730,000</u>	<u>\$ 1,413,829</u>

**D. Fire Truck 2007**

On November 27, 2007, the Simpson County Fiscal Court entered into an agreement with the Kentucky Association of Counties Leasing Trust (KACoLT). The agreement was for the purchase of a fire truck. The principal was \$210,000 at 4.397 percent interest for a period of ten years, interest paid monthly and principal paid annually. The maturity date of the obligation is December 20, 2017. As of June 30, 2018, the principal balance was \$0.

**E. General Obligation Lease, Series 2011**

On August 23, 2011, the Simpson County Fiscal Court entered into a general obligation lease agreement in the amount of \$375,300 with a bank. The agreement was for the purpose of advance refunding financing of the detention facility renovation and addition. The principal was \$375,300 at 3.24 percent interest for a period of 12 years, interest paid semi-annually and principal paid annually. The maturity date of the obligation is June 1, 2023. As of June 30, 2018, the principal balance was \$186,834. Future principal and interest requirements are:

**SIMPSON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

**Note 5. Long-term Debt (Continued)**

**E. General Obligation Lease, Series 2011 (Continued)**

Fiscal Year Ending June 30	Principal	Scheduled Interest
2019	\$ 33,730	\$ 6,053
2020	38,138	4,961
2021	37,412	3,725
2022	36,664	2,512
2023	40,890	1,325
Totals	<u>\$ 186,834</u>	<u>\$ 18,576</u>

**F. Changes In Long-term Debt**

Long-term Debt activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 6,650,000	\$	\$ 580,000	\$ 6,070,000	\$ 595,000
Revenue Bonds	3,145,000		485,000	2,660,000	500,000
Financing Obligations	234,305		47,471	186,834	33,730
Total Long-term Debt	<u>\$ 10,029,305</u>	<u>\$ 0</u>	<u>\$ 1,112,471</u>	<u>\$ 8,916,834</u>	<u>\$ 1,128,730</u>

**Note 6. Commitments and Contingencies**

**A. Health Department Commitment**

The Simpson County Fiscal Court established a county health department under KRS 212.040. Upon the resolution being passed establishing the county health department, the fiscal court is required to appropriate a sufficient amount for the creation, establishment, and maintenance of the county health department. The fiscal court budgeted \$325,438 and paid \$325,438 for fiscal year ending June 30, 2018. In addition, the fiscal court budgeted \$274,980 for fiscal year ending June 30, 2019.

**B. Good Faith Deposit - First Mortgage Revenue Bonds, Series 2018**

On June 26, 2018, the Simpson County Justice Center Corporation awarded the bid to the underwriter for the issuance of \$3,120,000 of First Mortgage Revenue Bonds, Series 2018, with a delivery date of July 17, 2018. On June 28, 2018, the corporation received a good faith deposit from the underwriter of \$62,400 with a balance of \$2,996,232 due on July 17, 2018, after discounts of \$61,368. The bonds were issued to finance the construction of certain repairs and renovations to the Simpson County Judicial Center.

**SIMPSON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

**Note 6. Commitments and Contingencies (Continued)**

**C. Lawsuits**

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

**Note 7. Commitment Debt**

The Franklin-Simpson Industrial Authority, a jointly governed organization with City of Franklin, Kentucky, entered into a loan agreement and a \$6,587,000 promissory note with a bank for project financing with a maturity date of January 18, 2021. The note is secured by a real estate mortgage of property owned by the Industrial Authority, the pledge certificates of deposits belonging to the Industrial Authority and the City of Franklin, Kentucky, in the amount of \$263,000 and \$213,000, respectively, and a guaranty of payment of \$436,000 from the Simpson County Fiscal Court for a three-year period.

**Note 8. Employee Retirement System**

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (KRS). 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.

The county's contribution for FY 2016 was \$606,571, FY 2017 was \$674,325, and FY 2018 was \$748,470.

Nonhazardous

Nonhazardous covered employees are required to contribute five percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 6 percent of their salary to be allocated as follows: 5 percent will go to the member's account and 1 percent will go to the KRS insurance fund.

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

**SIMPSON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

**Note 8. Employee Retirement System (Continued)**

Nonhazardous (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008, must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

The county's contribution rate for nonhazardous employees was 19.18 percent.

Hazardous

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute nine percent of their salary to be allocated as follows: 8 percent will go to the member's account and 1 percent will go to the KRS insurance fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan.

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute 8 percent of their annual creditable compensation and also contribute 1 percent 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 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 percent 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 31.55 percent.

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:

**SIMPSON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

**Note 8. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

<b>Years of Service</b>	<b>% Paid by Insurance Fund</b>	<b>% Paid by Member through Payroll Deduction</b>
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 ten dollars 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 dollars 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 ten dollars 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 161.714 with exception of COLA and retiree health benefits after July 2003.

B. Health Insurance Coverage - Tier 2 and Tier 3 - Nonhazardous

Once members reach a minimum vesting period of 15 years, earn ten dollars 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 percent. 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 percent 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 161.714 with exception of COLA and retiree health benefits after July 2003. Tier 3 members are not covered by the same provisions.

**SIMPSON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

**Note 8. 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, earn 15 dollars 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 percent. Upon the death of a hazardous employee, the employee's spouse receives ten dollars 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 percent 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 KRS 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 percent. 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, KRS 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.

KRS Annual Financial Report and Proportionate Share Audit Report

KRS 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 Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

KRS 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.



**SIMPSON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

**Note 9. Deferred Compensation**

In October 2009, 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 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

**Note 10. Health Reimbursement Account and Flexible Spending Account**

The Simpson County Fiscal Court established a health reimbursement account (HRA) on May 21, 2010, and a flexible spending account (FSA) on June 25, 2014, 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 eligible employee providing \$1,500 or \$3,000, depending on plan type, each year to pay for qualified medical expenses. Employees may also contribute additional pre-tax funds through payroll deduction to the flexible spending account. As of June 30, 2018, the balance of the HRA account was \$4,462 and the balance of the FSA account was \$8,887.

**Note 11. Insurance**

For the fiscal year ended June 30, 2018, 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 12. Subsequent Events**

- A. 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, 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 percent to 3.625 percent giving an average interest rate of 3.383 percent. The maturity date of the bonds is June 1, 2038.
- B. Property Transfer - On November 7, 2017, the Simpson County Fiscal Court voted to transfer property used by the extension service to the Simpson County Extension Board. On August 7, 2018, the fiscal court transferred the extension service land and buildings listed at cost of \$179,120 and \$535,036, respectively, on the capital assets schedule to the extension district board.

**SIMPSON COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2018**  
**(Continued)**

**Note 13. Related Party Transactions**

The former county judge/executive, who resigned December 31, 2017, was on the board of directors of a local financial institution. The fiscal court maintains a checking account and a certificate of deposit at this financial institution.

**Note 14. Conduit Debt**

From time to time the county has issued bonds and notes to provide financial assistance to an industry and a hospital 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, 2018, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

**Note 15. Tax Abatement**

On March 2, 2010, the occupational taxes were abated under the authority of ordinance 220.140 of the Simpson County Fiscal Court for Covalence Specialty Adhesives, LLC (Berry Plastics) for ten years. Berry Plastics is eligible to receive this tax abatement due to the allowable incentives under the Kentucky Industrial Revitalization Act. The taxes were abated by the company retaining the .75 percent (.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, 2018, the fiscal court abated occupational taxes for Berry Plastics totaling \$235,421.

**Note 16. Prior Period Adjustments**

	General Fund	Road Fund	Jail Fund	Jail Commissary Fund
Fund Balance - Beginning	\$ 1,748,532	\$ 445,167	\$ 304,805	\$ 166,168
Prior Year Outstanding Checks Voided	<u>477</u>	<u>75</u>	<u>46</u>	<u>745</u>
Fund Balance - Beginning (Restated)	<u>\$ 1,749,009</u>	<u>\$ 445,242</u>	<u>\$ 304,851</u>	<u>\$ 166,913</u>

**SIMPSON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**

**For The Year Ended June 30, 2018**

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**SIMPSON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**

**For The Year Ended June 30, 2018**

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 4,082,500	\$ 4,082,500	\$ 4,272,297	\$ 189,797
In Lieu Tax Payments	36,500	36,500	59,997	23,497
Licenses and Permits	101,400	101,400	148,286	46,886
Intergovernmental	2,484,384	2,492,084	2,494,110	2,026
Charges for Services	250	250	115	(135)
Miscellaneous	60,400	96,658	81,770	(14,888)
Interest	2,050	2,050	3,018	968
Total Receipts	<u>6,767,484</u>	<u>6,811,442</u>	<u>7,059,593</u>	<u>248,151</u>
<b>DISBURSEMENTS</b>				
General Government	3,451,041	3,733,371	3,586,457	146,914
Protection to Persons and Property	865,460	863,808	809,722	54,086
General Health and Sanitation	412,218	413,468	410,292	3,176
Social Services	89,250	89,900	77,467	12,433
Recreation and Culture	558,642	568,642	545,271	23,371
Debt Service	451,829	451,829	451,827	2
Capital Projects	405,000	345,200	191,546	153,654
Administration	391,868	321,926	284,281	37,645
Total Disbursements	<u>6,625,308</u>	<u>6,788,144</u>	<u>6,356,863</u>	<u>431,281</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>142,176</u>	<u>23,298</u>	<u>702,730</u>	<u>679,432</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	<u>(542,176)</u>	<u>(542,176)</u>	<u>(554,297)</u>	<u>(12,121)</u>
Total Other Adjustments to Cash (Uses)	<u>(542,176)</u>	<u>(542,176)</u>	<u>(554,297)</u>	<u>(12,121)</u>
Net Change in Fund Balance	(400,000)	(518,878)	148,433	667,311
Fund Balance - Beginning (Restated)	<u>400,000</u>	<u>596,000</u>	<u>1,749,009</u>	<u>1,153,009</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 77,122</u>	<u>\$ 1,897,442</u>	<u>\$ 1,820,320</u>

**SIMPSON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2018**  
**(Continued)**

	<b>ROAD FUND</b>			
	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Licenses and Permits	\$ 22,500	\$ 22,500	\$ 25,924	\$ 3,424
Intergovernmental	1,831,215	2,149,215	1,583,272	(565,943)
Miscellaneous	21,500	21,500	79,239	57,739
Interest	1,720	1,720	1,643	(77)
Total Receipts	<u>1,876,935</u>	<u>2,194,935</u>	<u>1,690,078</u>	<u>(504,857)</u>
<b>DISBURSEMENTS</b>				
Transportation Facilities and Services	11,100	10,100	6,878	3,222
Roads	1,453,295	2,043,064	1,631,219	411,845
Capital Projects	330,000	343,519	47,473	296,046
Administration	182,540	168,252	154,411	13,841
Total Disbursements	<u>1,976,935</u>	<u>2,564,935</u>	<u>1,839,981</u>	<u>724,954</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(100,000)</u>	<u>(370,000)</u>	<u>(149,903)</u>	<u>220,097</u>
Net Change in Fund Balance	(100,000)	(370,000)	(149,903)	220,097
Fund Balance - Beginning (Restated)	<u>100,000</u>	<u>370,000</u>	<u>445,242</u>	<u>75,242</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 295,339</u>	<u>\$ 295,339</u>

**SIMPSON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2018**  
**(Continued)**

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 3,078,892	\$ 3,078,892	\$ 3,287,623	\$ 208,731
Charges for Services	93,600	97,050	106,010	8,960
Miscellaneous	160,000	160,000	142,860	(17,140)
Interest	350	350	223	(127)
Total Receipts	<u>3,332,842</u>	<u>3,336,292</u>	<u>3,536,716</u>	<u>200,424</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	2,812,952	2,976,833	2,949,008	27,825
Debt Service	392,577	392,577	392,576	1
Administration	815,789	819,284	814,606	4,678
Total Disbursements	<u>4,021,318</u>	<u>4,188,694</u>	<u>4,156,190</u>	<u>32,504</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(688,476)</u>	<u>(852,402)</u>	<u>(619,474)</u>	<u>232,928</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	<u>470,476</u>	<u>470,476</u>	<u>480,097</u>	<u>9,621</u>
Total Other Adjustments to Cash (Uses)	<u>470,476</u>	<u>470,476</u>	<u>480,097</u>	<u>9,621</u>
Net Change in Fund Balance	(218,000)	(381,926)	(139,377)	242,549
Fund Balance - Beginning (Restated)	<u>218,000</u>	<u>304,804</u>	<u>304,851</u>	<u>47</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (77,122)</u>	<u>\$ 165,474</u>	<u>\$ 242,596</u>

**SIMPSON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2018**  
**(Continued)**

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 110,000	\$ 110,000	\$ 166,761	\$ 56,761
Interest	170	170	366	196
Total Receipts	<u>110,170</u>	<u>110,170</u>	<u>167,127</u>	<u>56,957</u>
<b>DISBURSEMENTS</b>				
Roads	110,170	110,170	101,480	8,690
Total Disbursements	<u>110,170</u>	<u>110,170</u>	<u>101,480</u>	<u>8,690</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>65,647</u>	<u>65,647</u>
Net Change in Fund Balance			65,647	65,647
Fund Balance - Beginning			<u>92,888</u>	<u>92,888</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 158,535</u>	<u>\$ 158,535</u>



**SIMPSON COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2018**  
**(Continued)**

	<b>911 FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 90,000	\$ 90,000	\$ 81,021	\$ (8,979)
Intergovernmental	25,000	25,000	25,000	
Total Receipts	<u>115,000</u>	<u>115,000</u>	<u>106,021</u>	<u>(8,979)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	186,700	186,700	184,880	1,820
Total Disbursements	<u>186,700</u>	<u>186,700</u>	<u>184,880</u>	<u>1,820</u>
Excess (Deficiency) of Receipts Over				
Disbursements Before Other				
Adjustments to Cash (Uses)	<u>(71,700)</u>	<u>(71,700)</u>	<u>(78,859)</u>	<u>(7,159)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	71,700	71,700	74,200	2,500
Total Other Adjustments to Cash (Uses)	<u>71,700</u>	<u>71,700</u>	<u>74,200</u>	<u>2,500</u>
Net Change in Fund Balance			(4,659)	(4,659)
Fund Balance - Beginning			<u>17,918</u>	<u>17,918</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 13,259</u>	<u>\$ 13,259</u>

**SIMPSON COUNTY**  
**NOTES TO REGULATORY SUPPLEMENTARY**  
**INFORMATION - BUDGETARY COMPARISON SCHEDULES**

**June 30, 2018**

**Note 1. Budgetary Information**

Annual budgets are adopted 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 and according to the laws of Kentucky as required by the state local finance officer.

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  
Supplementary Information - Regulatory Basis**

**For The Year Ended June 30, 2018**

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**SIMPSON COUNTY**  
**SCHEDULE OF CAPITAL ASSETS**  
**Supplementary Information - Regulatory Basis**

**For The Year Ended June 30, 2018**

The fiscal court reports the following Schedule of Capital Assets:

	(*Restated) Beginning Balance	Additions	Deletions	Ending Balance
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Land and Land Improvements*	\$ 2,368,278	\$	\$	\$ 2,368,278
Buildings*	15,970,126	98,930		16,069,056
Vehicles and Equipment	2,768,150	70,651	38,030	2,800,771
Vehicles and Equipment (Jail Commissary)*	58,737	122,988		181,725
Other Equipment*	1,228,948		80,362	1,148,586
Infrastructure*	8,117,297	1,024,914		9,142,211
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Capital Assets	<u>\$ 30,511,536</u>	<u>\$ 1,317,483</u>	<u>\$ 118,392</u>	<u>\$ 31,710,627</u>

**SIMPSON COUNTY  
NOTES TO REGULATORY SUPPLEMENTARY  
INFORMATION - SCHEDULE OF CAPITAL ASSETS**

**June 30, 2018**

**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

**Note 2. Restatement of Capital Assets Beginning Balances**

The beginning balances reported on the Schedule of Capital Assets for land and land improvements, buildings, vehicles and equipment (jail commissary), other equipment, and infrastructure have been restated. Other equipment increased by \$46,110 for equipment erroneously not included in the prior year. Land and land improvements, buildings, vehicles and equipment (jail commissary), other equipment, and infrastructure decreased by \$60,000, \$270,699, \$16,400, \$76,180, and \$200,080, respectively, for items erroneously included in a prior year.

**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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**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Mason Barnes, Simpson County Judge/Executive  
The Honorable Jamie Spears, Former Simpson County Judge/Executive  
The Honorable Jim Henderson, Former Simpson County Judge/Executive  
Members of the Simpson County Fiscal Court

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

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, 2018, 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 January 29, 2019.

**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) to determine the 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 were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2018-003 to be a material weakness.



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

**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 determination of financial statement amounts. 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 2018-001, 2018-002, and 2018-003.

**Views of Responsible Officials and Planned Corrective Action**

Simpson County's views and planned corrective action for the findings identified in our audit are included in the accompanying Schedule of Findings and Responses. The county's responses were not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on them.

**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,



Mike Harmon  
Auditor of Public Accounts

January 29, 2019

**SIMPSON COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2018**

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**SIMPSON COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2018**

FINANCIAL STATEMENT FINDINGS:

2018-001 The Simpson County Fiscal Court Did Not Bid Food Service Agreement

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The Simpson County Fiscal Court did not bid food services disbursements for the jail totaling \$395,285 to one vendor. The disbursements were made to the vendor under a food service agreement that began on February 19, 2015. This agreement was negotiated by the jailer and presented to the fiscal court. According to the fiscal court minutes for December 16, 2014, the fiscal court approved “the food service agreement between [name redacted] and the Simpson County Jail.” The agreement was signed by a former county judge/executive and the county attorney. The agreement allows the vendor to be “the exclusive provider of food service (excluding vending machine operation) for the Facility and will provide consulting services as to administrative, dietetic, purchasing, and equipment; meal service; and personnel to prepare meals.” The term of the agreement was for three years with renewal on a year to year basis after the initial term. No documentation could be found that the food services were bid at the time the contract was awarded.

The jailer stated he was not aware he was required to bid food services. He thought he could negotiate the price of the contract and then get fiscal court approval for the contract without advertising for bids. By not receiving bids at all, the fiscal court may not get the benefits of the best prices available. Competitive bidding ensures the fiscal court procures equipment and services at the best price available.

KRS 424.260(1) states, in part, “[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 materials, supplies except perishable meat, fish, and vegetables, equipment, or for contractual services other than professional, involving an expenditure of more than twenty thousand dollars (\$20,000) without first making newspaper advertisement for bids.” In addition, the Simpson County Administrative Code Section 4.2A regarding selection of vendors and contractors states “KRS 424.260 requires a County to advertise for bids on all contracts involving more than \$20,000” and “[u]pon authorization of the Fiscal Court to solicit contracts for amounts that exceed \$20,000 the Judge/Executive shall place an advertisement in the local newspaper of the largest circulation in the County at least once[.]”

We recommend the fiscal court follow proper bid laws and regulations by ensuring all purchases and contracts of \$20,000 or more be made in compliance with KRS 424.260.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive’s Response: The Fiscal Court needs to be notified by each department of any contracts needing to be bid or approved. The Fiscal Court will work with the Jail to be sure these contracts are bid and approved going forward.*

*Jailer’s Response: We have been advised of proper actions to take and have acknowledged the issues presented to our facility. At this time and in the future we will be taking the appropriate measures to make sure that we are in compliance with any and all state and local regulations.*

**SIMPSON COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2018**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2018-002 The Simpson County Fiscal Court Was Not In Compliance With Occupational Tax Ordinances

The Simpson County Fiscal Court did not comply with occupational tax ordinances requiring a portion of the occupational tax received from certain industrial parks be paid to the industrial authority and occupational tax due from a certain company be waived. During fiscal year 2018, the fiscal court did not correctly compute and pay 80 percent of the difference in occupational tax received in year 2000 and received in the current year from payroll tax assessed in two development areas, East Interstate Industrial Park (Sanders Interstate Industrial Park) and North Industrial Park (Wilkey North Industrial Park) to the Franklin-Simpson Industrial Authority. The fiscal court took credit for waived occupational tax donated by a company to the industrial authority not authorized by the ordinances resulting in occupational tax being underpaid to the industrial authority by \$173,218. The following chart shows a breakdown of the amount due.

80% Required To Be Paid Under Ordinances	\$ 403,046
Amount Contributed By Fiscal Court	35,701
Lobbying Retainer	<u>12,000</u>
Total Due Industrial Authority	450,747
Add: Waived Occupational Tax Received From Company	62,203
Less: Waived Occupational Tax Donated By Company To Industrial Authority	<u>(235,421)</u>
Total Paid Industrial Authority	277,529
Total Due Industrial Authority	<u>450,747</u>
Total Amount Not Paid Industrial Authority	<u>\$ (173,218)</u>

Additionally, the fiscal court received occupational tax waived under ordinance 220.140 from a company in the amount of \$62,203 but did not return this amount to the company. Instead, the fiscal court paid this amount to the industrial authority.

The finance officer stated she was instructed by a former county judge/executive to take the credit for the waived occupational tax donated by the company to the industrial authority. The former county judge/executive stated that the fiscal court had a verbal agreement with the industrial authority allowing the credit. As a result, the fiscal court was not in compliance with their ordinances. In addition, the fiscal court owes the industrial authority \$173,218 and the company \$62,203 in waived occupational tax.

Simpson County Ordinances 920.50 and 920.51 create two development areas, East Interstate Industrial Park (Sanders Interstate Industrial Park) and North Industrial Park (Wilkey North Industrial Park). Under Simpson County Ordinances 920.54 and 920.55, the fiscal court entered into contracts with the Franklin-Simpson Industrial Authority to “pay the Authority 80% of the difference between the old revenues of year 2000 and the new revenues received during the previous calendar year” for occupational taxes received from businesses located in the Sanders Interstate Industrial Park and the Wilkey North Industrial Park. In addition, Simpson County Ordinance 220.140 authorizes a “company to retain the .75 percent (.75%) occupational license fees [taxes] otherwise derived by the County from salaries, wages and other compensation paid to its employees[.]”

**SIMPSON COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2018  
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2018-002 The Simpson County Fiscal Court Was Not In Compliance With Occupational Tax Ordinances  
(Continued)

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We recommend the fiscal court pay occupational tax to the industrial authority and waived occupational tax to the company in compliance with their ordinances. Any changes to these ordinances should be voted on by the fiscal court and the county attorney consulted about the process to amend these ordinances. For fiscal year 2018, the fiscal court owes the industrial authority \$173,218 for their share of occupational tax and a company \$62,203 for waived occupational tax.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: A business paying occupational tax started using [name of company redacted] for their payroll. [Name of company redacted] would only make that payment to Fiscal Court without any concern of the occupational tax. Documentation proves that Fiscal Court didn't keep that money and it was given to the appropriate business. All other payments have now been submitted directly back to the company. All parties have been notified of this finding and have all agreed that the monies have been rightfully submitted. They are going to provide documentation stating just that.*

2018-003 The Simpson County Fiscal Court Did Not Maintain Complete And Accurate Capital Asset Schedules In Order To Comply With Regulatory Requirements

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The schedule of capital assets and infrastructure for the audit period did not recognize all asset purchases that occurred throughout the year and the beginning balances did not agree to the prior year schedule of capital assets ending balances. The finance officer is responsible for maintaining the schedule. She makes additions and deletions based on insurance records. The fiscal court's schedule of capital assets was misstated by \$121,478. The fiscal court's schedule of capital assets for June 30, 2018, was understated (overstated) as follows:

- \$345,732 for land connected to buildings owned by the fiscal court erroneously removed from the fiscal court's schedule of capital assets.
- (\$60,000) for land connected to industrial building sold in fiscal year 2013.
- (\$99,731) for renovations to a building demolished in fiscal year 2015.
- (\$92,616) for park improvements to property during fiscal year 2018 not owned by fiscal court.
- \$50,692 for nine vehicles recorded incorrectly.
- \$18,924 for seven pieces of equipment recorded incorrectly.
- \$9,683 for a snow blade and mower not included, purchased in fiscal year 2017.
- (\$39,150) for one vehicle and three mowers sold in prior years.
- \$122,988 for body scanner purchased by the jail commissary fund during fiscal year 2018.
- (\$378,000) for a road recorded incorrectly on infrastructure.

Furthermore, capital asset records did not include any supporting documentation, such as invoices, to support amounts recorded for assets included on the fiscal court's schedule of capital assets.

The fiscal court lacks adequate controls over reporting of capital assets. Each department is required to submit inventory listings to the fiscal court; however, these were not being reconciled with the schedule of capital assets maintained by the finance officer. The finance officer stated the software company had entered the capital assets in the software program originally. The software company erroneously did not enter or entered values wrong on some capital assets. The finance officer also stated she compared her listing to the insurance listing but did

**SIMPSON COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2018**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2018-003 The Simpson County Fiscal Court Did Not Maintain Complete And Accurate Capital Asset Schedules In Order To Comply With Regulatory Requirements (Continued)

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not perform an actual inventory. By having weak internal controls over capital assets, assets are left vulnerable to misappropriation or misstatement. In this case, misstatements were able to occur without detection.

Strong internal controls over capital assets are necessary to ensure accurate financial reporting, to protect assets from misappropriation, and to ensure accurate insurance coverage. KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The uniform system of accounts is set forth in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual* which states, "[f]ixed asset records are necessary for proper asset valuation, adequate and accurate insurance coverage, internal control, and long range planning for property replacement. An annual physical inventory of property and equipment shall be conducted on or before June 30. Physical counts must be compared to the master asset inventory listing. Resulting differences must be reconciled, explained and documented." Furthermore, the manual states "[a] fixed asset record should be prepared for each acquisition that meets the useful life and threshold limits. Deletion, sale, or disposal of fixed assets must be approved by the authorized personnel and documented accordingly."

In order to strengthen internal controls over capital assets, we recommend the fiscal court maintain a complete and accurate capital asset schedule to comply with the Department for Local Government's requirements. Procedures should be implemented that will identify and track additions and deletions for the purpose of the schedule of capital assets with adequate supporting documentation and any additions or deletions should be reconciled to the department inventory records annually for insurance coverage.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: The Capital Asset schedule was sent to our accounting software company to input all of our current information but they failed to post some of that information correctly. All of this has been corrected since it was brought to our attention.*



**CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

**SIMPSON COUNTY FISCAL COURT**

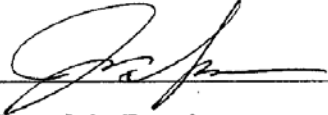
**For The Year Ended June 30, 2018**

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CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
SIMPSON COUNTY FISCAL COURT


For The Year Ended June 30, 2018

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.



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County Judge/Executive



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County Treasurer