REPORT OF THE AUDIT OF THE NELSON COUNTY FISCAL COURT

For The Year Ended
June 30, 2025

Roy W Hunter, CPA, PLLC
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Lexington, KY 40509

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CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

RWH

Roy W. Hunter, CPA, PLLC

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

Independent Auditor's Report

Report on the Financial Statement

Opinions

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances – Regulatory Basis of the Nelson County Fiscal Court, for the year ended June 30, 2025, and the related notes to the financial statement, which collectively comprise the Nelson County Fiscal Court's financial statement as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompany financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Nelson 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 Nelson 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 Nelson 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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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 Nelson 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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Nelson 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 Nelson County Fiscal Court. The Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 and Schedule of Expenditures of Federal Awards 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 Schedule of Expenditures of Federal Awards 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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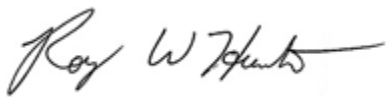
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2026 on our consideration of the Nelson 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 Nelson 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 Questionable Costs included herein, which discusses the following report finding:

2025-001 The Nelson County Fiscal Court Had Incomplete Controls Over The Purchase Order System

Respectfully submitted,



Roy W. Hunter, CPA, PLLC
Lexington, Kentucky

May 4, 2026

NELSON COUNTY OFFICIALS

For The Year Ended June 30, 2025

Fiscal Court Members:

Tim Hutchins	County Judge/Executive
Keith Metcalfe	Magistrate
Adam Wheatley	Magistrate
M. T. Harned	Magistrate
Jeff Lear	Magistrate
Jon Snow	Magistrate

Other Elected Officials:

Arch "Chip" McKay	County Attorney
Justin Hall	Jailer
Jeanette Sidebottom	County Clerk
Diane Thompson	Circuit Court Clerk
Ramon Pineiroa	Sheriff
Jay Williams	Property Valuation Administrator
Danielle Chladek	Coroner

Appointed Personnel:

Rhonda Fenwick	County Treasurer
Teresa Blandford	Occupational Tax Administrator
Carole Bryan	Personnel/Payroll Officer
Chris Martin	Assistant Road Supervisor
Brad Metcalf	Deputy Judge Executive/EMA Director

Other Key Personnel

Brad Spalding	County Engineer
John Greenwell	Landfill Manager
Michael Reynolds	EMS Director
Melissa Lanham	EMS Fiscal Officer
Catherine Beaves	Finance Officer

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

For The Year Ended June 30, 2025

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

For The Year Ended June 30, 2025

	Budgeted Funds			
	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund
RECEIPTS				
Taxes	$ 9,057,405	$	$	$
Excess Fees	833,745			
Licenses and Permits	432,422			
Intergovernmental	1,341,328	2,641,972	716,098	298,428
Charges for Services	103,081		240,134	
Miscellaneous	430,530	443,493	99,146	
Interest	3,171			
Total Receipts	12,201,682	3,085,465	1,055,378	298,428
DISBURSEMENTS				
General Government	3,245,847			
Protection to Persons and Property	2,291,461		2,525,116	
General Health and Sanitation	1,614,034			
Social Services	59,757			
Recreation and Culture	897,418			
Roads	77,729	2,911,256		75,596
Bus Services	223,820			
Capital Projects	562,534			
Administration	2,918,110	593,324	569,255	
Total Disbursements	11,890,710	3,504,580	3,094,371	75,596
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	310,972	(419,115)	(2,038,993)	222,832
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,131,510	1,218,000	2,038,993	
Transfers To Other Funds	(2,533,993)			(250,000)
Total Other Adjustments to Cash (Uses)	(1,402,483)	1,218,000	2,038,993	(250,000)
Net Change in Fund Balance	(1,091,511)	798,885		(27,168)
Fund Balance - Beginning	1,727,841	473,060		238,775
Fund Balance - Ending	$ 636,330	$ 1,271,945	$ 0	$ 211,607
Composition of Fund Balance				
Bank Balance	$ 722,544	$ 1,271,945	$	$ 211,607
Add: Deposit in Transit				
Less: Outstanding Checks	(86,214)			
Certificates of Deposit				
Fund Balance - Ending	$ 636,330	$ 1,271,945	$ 0	$ 211,607

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

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

Budgeted Funds						
Federal Grants Fund	Emergency Medical Services Fund	Solid Waste Fund	Landfill Fund	Occupational License Fee Fund	County Clerk Permanent Storage Fund	Opioid Settlement Fund
$	$	$	$	$ 1,695,527	$	$
8,369	10,000	76,590	245,236			
	3,233,755	3,626,414	4,492,232			
21,450	57,440	31,491	37,999		87,160	118,157
			55,187		74	
29,819	3,301,195	3,734,495	4,830,654	1,695,527	87,234	118,157
				193,773	36,820	
17,564	3,451,630					77,486
		2,421,095	3,423,842			
				7,127		7,852
			646,462			
	1,129,310	477,875	595,959	35,979		77,280
17,564	4,580,940	2,898,970	4,666,263	236,879	36,820	162,618
12,255	(1,279,745)	835,525	164,391	1,458,648	50,414	(44,461)
	1,050,000					
		(265,000)	(925,510)	(1,605,000)		
	1,050,000	(265,000)	(925,510)	(1,605,000)		
12,255	(229,745)	570,525	(761,119)	(146,352)	50,414	(44,461)
379,996	426,970	401,613	4,972,172	543,329	99,888	229,196
$ 392,251	$ 197,225	$ 972,138	$ 4,211,053	$ 396,977	$ 150,302	$ 184,735
$ 392,251	$ 197,225	$ 972,138	$ 1,232,050	$ 396,977	$ 170,302	$ 184,735
			(118,183)		(20,000)	
			3,097,186			
$ 392,251	$ 197,225	$ 972,138	$ 4,211,053	$ 396,977	$ 150,302	$ 184,735

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

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

	Budgeted Funds		Unbudgeted Fund		Internal Service Fund
	E911 Fund	American Rescue Plan Act Fund	Jail Commissary Fund	Total Funds	Health Insurance Fund
RECEIPTS					
Taxes	$ 1,105,243	$	$	$ 11,858,175	$
Excess Fees				833,745	
Licenses and Permits				432,422	
Intergovernmental	540,060			5,878,081	
Charges for Services				11,695,616	
Miscellaneous	5,908		290,292	1,623,066	2,574,833
Interest				58,432	
Total Receipts	1,651,211		290,292	32,379,537	2,574,833
DISBURSEMENTS					
General Government				3,476,440	
Protection to Persons and Property	1,046,307			9,409,564	
General Health and Sanitation				7,458,971	
Social Services				74,736	
Recreation and Culture				897,418	
Roads		123,160		3,187,741	
Bus Services				223,820	
Capital Projects		1,684,374		2,893,370	
Administration	366,159		349,124	7,112,375	2,632,338
Total Disbursements	1,412,466	1,807,534	349,124	34,734,435	2,632,338
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	238,745	(1,807,534)	(58,832)	(2,354,898)	(57,505)
Other Adjustments to Cash (Uses)					
Transfers From Other Funds	195,000			5,633,503	
Transfers To Other Funds	(54,000)			(5,633,503)	
Total Other Adjustments to Cash (Uses)	141,000				
Net Change in Fund Balance	379,745	(1,807,534)	(58,832)	(2,354,898)	(57,505)
Fund Balance - Beginning	688,197	3,373,905	171,895	13,726,837	832,491
Fund Balance - Ending	$ 1,067,942	$ 1,566,371	$ 113,063	$ 11,371,939	$ 774,986
Composition of Fund Balance					
Bank Balance	$ 1,067,942	$ 1,619,043	$ 118,011	$ 8,556,770	$ 775,036
Add: Deposit in Transit		$ 14,433		14,433	
Less: Outstanding Checks		(67,105)	(4,948)	(296,450)	(50)
Certificates of Deposit				3,097,186	
Fund Balance - Ending	$ 1,067,942	$ 1,566,371	$ 113,063	$ 11,371,939	$ 774,986

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

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NELSON COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2025

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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 December 1, 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.

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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

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 the receipts and expenditures related to federal grants. The primary source of receipts for this fund are grants from the federal government.

Emergency Medical Services Fund - The primary purpose of this fund is to account for the receipts and disbursements in providing ambulance services to the public. The primary source of receipts for this fund is patient fees.

Solid Waste Fund - The primary purpose of this fund is to account for the activities of the solid waste collection services outside the incorporated city boundaries for county residents, and dead animal removal for commercial entities and the public. The primary source of receipts for this fund is garbage collection fees.

Landfill Fund - The primary purpose of this fund is to account for the operation of the landfill and roll-off container collection services. The primary source of receipts for this fund is landfill disposal fees.

Occupational License Fee Fund - The primary purpose of this fund is to account for all activity under the Occupational License Fee Ordinance, effective January 1, 1991. The maximum fee paid by any individual, partner, shareholder, or regular corporation is $75 per year. Disbursements provide support for emergency services, additional funding for road maintenance, and economic development.

County Clerk Permanent Storage Fund - The primary purpose of this fund is to account for the expenses related to the clerk's storage costs. The primary source of receipts for this fund is the monies from consumers for storage fees paid.

Opioid Settlement Fund - The primary purpose of this fund is to account for the expenses related to opioid prevention activities. The primary source of receipts for this fund is monies from settlements made with opioid manufacturers.

E911 Fund - The primary purpose of this fund is to report revenue and expenditures for county-wide 911 emergency dispatch operations. The primary source of receipts for this fund is the E911 fee on residential property tax bills, and cell phone fees (CMRS) collected by the state.

American Rescue Act Plan Fund - The primary purpose of this fund is to account for activity related to American Rescue Act passed in 2021. The primary source of receipts for this fund is federal grant monies.

Unbudgeted Funds

The fiscal court reports the following unbudgeted fund:

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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Internal Service Fund

The fiscal court reports the following internal service fund:

Health Self-Insurance Fund - The primary purpose of this fund is to account for the administration of the county's health insurance receipts and disbursements. The Department for Local Government does not require the fiscal court to budget this 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 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 jail commissary fund to be budgeted because the fiscal court does not approve the expenses of this fund.

E. Nelson County Elected Officials

Kentucky law provides for election of the officials listed below from the geographic area constituting Nelson 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. 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 Nelson County Fiscal Court.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

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

Note 1. Summary of Significant Accounting Policies (Continued)

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 Obligations 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 this criteria, the following are considered related organizations of the Nelson County Fiscal Court:

Nelson County Cooperative Extension
Nelson County Health Department
Nelson County Public Library
Nelson County Soil Conservation
North Nelson 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 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 Nelson County Fiscal Court:

Bardstown - Nelson County Airport Board
Bardstown - Nelson Tourism
Joint City - County Planning Commission of Nelson County

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

Note 2. Deposits

The fiscal court maintained deposits of public funds with federally insured banking institutions as required by the Department for Local Government's (DLG) *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 not met, as the fiscal court did not have written agreements with one bank.

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 fiscal court 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. On June 30, 2025, the fiscal court's bank balance with one bank was exposed to custodial credit risk as follows:

- Uncollateralized and Uninsured $329,596

Note 3. Transfers

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

	General Fund	LGEA Fund	Solid Waste Fund	Landfill Fund	Occupational License Fee Fund	E911 Fund	Total Transfers In
General Fund	$	$	$ 97,000	$ 925,510	$ 55,000	$ 54,000	$ 1,131,510
Road Fund		250,000	168,000		800,000		1,218,000
Jail Fund	2,038,993						2,038,993
Emergency Medical Services Fund	300,000				750,000		1,050,000
E911 Fund	195,000						195,000
Total Transfers Out	$ 2,533,993	$ 250,000	$ 265,000	$ 925,510	$ 1,605,000	$ 54,000	$ 5,633,503

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.

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

Note 4. Custodial Funds (Continued)

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 $71,696.

Encroachment Fund - This fund accounts for funds received for encroachment permits administered by the county. The funds are held in an escrow account. The balance in the encroachment fund as of June 30, 2025, was $116,000.

Note 5. Land Held For Resale

In July 2004, the Nelson County Fiscal Court purchased 424 acres to develop Nelson County Industrial Park, located near the intersection of the Martha Layne Collins Parkway and US Highway 150. The property was purchased for $3,197,674. Since the purchase of the land, infrastructure additions have been made to develop the property, including a water tank, initial sewer line installation, and the completion of Parkway Drive. As of June 30, 2025, the county has spent a total of $9,480,164 on this development. During fiscal year 2025, no land sales were noted.

Note 6. Leases

A. Lessor

1. Nelson County Economic Development Agency Office Space Lease

Nelson County began leasing office space to the Nelson County Economic Development Agency on October 1, 2014. The lease is for ten years, and Nelson County will receive annually payments of $12,731. Nelson County recognized $12,731 in lease revenue during the current fiscal year related to this lease. As of June 30, 2025, Nelson County's receivable for lease payments was $63,654.

2. Town & Country Bank Retail Lease

Nelson County began leasing office space to Town & Country Bank on October 1, 2004. The lease is for ten years and is renewable. Nelson County will receives monthly payments of $612 and recognized $7,344 in lease revenue during the current fiscal year related to this lease. As of June 30, 2025, Nelson County's receivable for lease payments was $26,928.

3. Nelson County Extension Office Space Lease

Nelson County began leasing office space to the Nelson County Extension Office On October 1, 2014. The lease is for ten years, and Nelson County will receive annually payments of $9,783. Nelson County recognized $9,783 in lease revenue during the current fiscal year related to this lease. As of June 30, 2025, Nelson County's receivable for lease payments was $9,783.

4. Keeling Farm

Nelson County began leasing land to Keeling Farms on January 1, 2021, for the right to plant and harvest row crops. The lease is for three years. Nelson County recognized $28,899 in lease revenue during the current fiscal year related to this lease. As of June 30, 2025, Nelson County's receivable for lease payments was $0. The lease was renewed on January 1, 2025. As of June 30, 2025, Nelson County's receivable for lease payments related to the renewal was $90,000.

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

Note 6. Leases (Continued)

A. Lessor (Continued)

5. Mattingly Farm

Nelson County began leasing land to Mattingly Farms on January 1, 2021, for the right to plant and harvest row crops. The lease is for three years, and Nelson County will receive annual payments of $5,733. Nelson County recognized $5,733 in lease revenue during the current fiscal year related to this lease. As of June 30, 2025, Nelson County's receivable for lease payments was $0. The lease was renewed on January 1, 2025. As of June 30, 2025, Nelson County's receivable for lease payments related to the renewal was $18,900.

6. Fine Arts of Bardstown Society, Inc. Office Space

Nelson County began leasing office space to the Fine Arts of Bardstown, Society, Inc. on August 1, 2022. The lease renewed on August 1, 2024 for one year. Nelson County will receive monthly payments of $500. Nelson County recognized $6,000 in lease revenue during the current fiscal year related to this lease. As of June 30, 2025, Nelson County's receivable for lease payments was $0.

7. Lincoln Trail Area Development District Office Space

Nelson County began leasing office space to the Lincoln Trail Area Development District on November 1, 2022. The lease is for five years, and Nelson County will receive monthly payments of $500. Nelson County recognized $6,000 in lease revenue during the current fiscal year related to this lease. As of June 30, 2025, Nelson County's receivable for lease payments was $14,000.

B. Lessee

1. **Postage Machine**

Nelson County entered into a three-year lease agreement as lessee for the use of a postage machine on September 1, 2021. The lease was renewed on April 1, 2024 for a five-year lease. The lease liability during the current fiscal year totaled $360, which is the quarterly payment of $90. As of June 30, 2025, the value of the lease had been satisfied for the current fiscal year. The lease value of the outstanding payments is $1,348.

2. **City of Bloomfield**

Nelson County entered into a five-year lease agreement with the City of Bloomfield for an EMS apartment on August 1, 2021. The lease agreement requires monthly payments of $550 with the lease liability during the current fiscal year totaling $6,600. As of June 30, 2025, the outstanding balance of the lease totaled $7,150.

Note 7. Notes Receivable

A. Roberts Road/Bellwood Road Waterlines Notes

Notes were issued to property owners who wanted to participate in waterline improvements for their neighborhoods and agreed to repay Nelson County for advances to install the waterlines. All outstanding loans from property owners have been determined to be currently uncollectible. The fiscal court has obtained liens on the properties to collect outstanding fees if the properties are sold. The following notes with property owners remain as of June 30, 2025.

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

Note 7. Notes Receivable (Continued)

A. Roberts Road/Bellwood Road Waterlines Notes

1. The county loaned $2,500 each to five residents and $1,800 to one resident of the Roberts Road area on May 1, 1997, for the purpose of providing waterlines to their homes. These notes bear interest at the rate of 7 percent per year. Terms of the agreements stipulate monthly payments of $29, and $21, respectively, until April 30, 2007. As of June 30, 2025, the principal balance due was $471.

2. The county loaned $3,446 each to 17 residents of the Bellwood Road area #1 on March 1, 1998, for the purpose of providing waterlines to their homes. These notes bear interest at the rate of 6 percent per year. Terms of the agreements stipulate monthly payments of $29 until February 28, 2013. As of June 30, 2025, the principal balance due was $6,443.

3. The county loaned $2,167 each to 12 residents of the Bellwood Road area #2 on December 1, 1997, for the purpose of providing waterlines to their homes. These notes bear interest at 6.24 percent per year. Terms of the agreements stipulate monthly payments of $24 until December 1, 2007. As of June 30, 2025, the principal balance due was $798.

B. Nelson County Fair Board

On September 10, 2013, the fiscal court granted a $62,445 loan to the Nelson County Fair Board. These funds will assist the Nelson County Fair Board to purchase bleachers for the fairgrounds. As of June 30, 2025, the loan balance due was $41,745. During the fiscal year 2025, a $5,000 payment was received.

Note 8. Closure and Post-closure of Municipal Solid Waste Landfill

State and federal laws and regulations require the Nelson County Fiscal Court to place a final cover on its Municipal Solid Waste Landfill (landfill) site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste. As of June 30, 2025, county engineers estimate that $11,437,604 will be require for landfill closure cost and for post-closure care liability. Approximately 33.9 percent of the landfill airspace capacity has been used as of June 30, 2025. 401 KAR 48:310 Section 2 and 3 requires the owner or operator of a landfill to have a detailed written estimate, in current dollars, the cost of hiring a third party to close the solid waste disposal site, and to conduct each phase of closure care monitoring and maintenance in accordance with the closure plan. Pursuant to the regulatory basis of accounting, as described in Note 1, no liability has been recognized on the financial statement for closure or post-closure care costs.

Nelson County must comply with established state and federal closure procedures and must perform maintenance and monitoring procedures at the site for 30 years after closure. Estimated closure costs total $6,021,941, and estimated post closure care costs total $178,855 per year for 30 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Estimates are adjusted for inflation. The projected date of closure for the current permitted space is June 30, 2063. No cost related to closure or postclosure care has been incurred to date.

Note 9. 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.

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

Note 10. 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. 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 $2,808,318, FY 2024 was $2,849,142, and FY 2025 was $2,698,567.

Nonhazardous

Nonhazardous covered employees are required to contribute 5 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 KPPA 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 KPPA 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.

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 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 9 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 KPPA 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.

Note 10. Employee Retirement System (Continued)

Hazardous (Continued)

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute 8 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 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 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 38.61 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:

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 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.

Note 10. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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

Once members reach a minimum vesting period of 15 years, they earn 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.

C. Health Insurance Coverage - Tier 2 and Tier 3 - Hazardous

Once members reach a minimum vesting period of 15 years, they earn fifteen 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 KPPA 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, 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.

Note 10. Employee Retirement System (Continued)

G. KPPA Annual Financial Report and Proportionate Share Audit Report (Continued)

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

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 11. Deferred Compensation

The Nelson 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 KPPA 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 12. Health Self-Insurance Fund

The Nelson County Fiscal Court initiated a self-insured health insurance plan on August 1, 2023. The self-funded plan covers all full-time employees and provides for medical expenses, hospitalization and other health services. The county also purchased a stop-loss insurance policy to cover losses from individual and aggregate claims once the county has reached the individual and aggregate attachment points. Employees are required to assume liability for claims in excess of maximum lifetime reimbursements established by the insurance company.

Full-time eligible employees have the option to elect coverage from either a PPO or a High-Deductible Health Plan (HDHP). Employees enrolled in the HDHP also have the option to create a Health Savings Account (HSA), to which the Nelson County Fiscal Court contributed $500 for single plan coverage and $1000 for family coverage.

The fiscal court signed with a third-party administrator to oversee the program, contracting with UMR Inc. for medical claims and TrueRX and SharX for pharmacy claims. Nelson County funds the plan with employer and employee premiums, handles enrollment of eligible individuals and issues claim reimbursements. During the current fiscal year, deposits to fund totaled $2,574,833 and payments totaled $2,632,338. The balance in the self-insurance health plan fund as of June 30, 2025, is $774,986.

Note 13. Health Reimbursement Account/Flexible Spending Account

The Nelson Fiscal Court established a health reimbursement account 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 each year to pay for qualified medical expenses. The balance in the health reimbursement account was $52,232 on June 30, 2025. This balance includes $48,892 from prior year carry over that cannot be withdrawn by the fiscal court but can be used to pay approved medical expenditures. The cash balance available on June 30, 2025 was $3,340.

Note 14. Insurance Liability and Property

For the fiscal year ended June 30, 2025, the Nelson 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 15. Conduit Debt

From time to time, the county has issued industrial revenue bonds to provide financial assistance to a company 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 Nelson 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 16. Tax Abatements

The property tax was abated under the authority of the fiscal court. The entities are eligible to receive this tax abatement under the terms of industrial revenue bonds. The taxes are abated by leasehold agreements. There is no provision for recapture of abated taxes. James B. Beam Distilling Company, Heaven Hill Distilleries, Lux Row Distillers, The Bardstown Bourbon Company, and Sazerac Distilleries made commitments to invest in manufacturing facilities in the county. For fiscal year ended June 30, 2025, property taxes totaling $158,879 (James B Beam Distilling Company $88,201; Heaven Hill Distilleries $36,492; Lux Row Distillers $11,110; The Bardstown Bourbon Company $19,656; Sazerac Distilleries $3,420) were abated. As part of the tax abatement agreement, the Nelson County Fiscal Court committed to issuing industrial revenue bonds, which allowed the properties to be property-tax exempt.

NELSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2025

NELSON 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	$ 9,821,000	$ 9,821,000	$ 9,057,405	$ (763,595)
Excess Fees	534,000	534,000	833,745	299,745
Licenses and Permits	636,500	671,500	432,422	(239,078)
Intergovernmental	1,240,500	1,261,500	1,341,328	79,828
Charges for Services	86,000	101,500	103,081	1,581
Miscellaneous	203,700	357,200	430,530	73,330
Interest	2,300	2,300	3,171	871
Total Receipts	12,524,000	12,749,000	12,201,682	(547,318)
DISBURSEMENTS				
General Government	2,529,000	3,391,810	3,245,847	145,963
Protection to Persons and Property	2,355,400	2,493,700	2,291,461	202,239
General Health and Sanitation	1,586,900	1,630,300	1,614,034	16,266
Social Services	75,300	75,300	59,757	15,543
Recreation and Culture	1,020,300	1,031,300	897,418	133,882
Roads	115,000	115,000	77,729	37,271
Bus Services	239,000	239,000	223,820	15,180
Debt Services				
Capital Projects	60,000	563,200	562,534	666
Administration	4,084,100	3,530,900	2,918,110	612,790
Total Disbursements	12,065,000	13,070,510	11,890,710	1,179,800
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	459,000	(321,510)	310,972	632,482
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	438,000	438,000	1,131,510	693,510
Transfers To Other Funds	(2,537,000)	(2,537,000)	(2,533,993)	3,007
Total Other Adjustments to Cash (Uses)	(2,099,000)	(2,099,000)	(1,402,483)	696,517
Net Change in Fund Balance	(1,640,000)	(2,420,510)	(1,091,511)	1,328,999
Fund Balance - Beginning	1,640,000	1,727,000	1,727,841	841
Fund Balance - Ending	$ 0	$ (693,510)	$ 636,330	$ 1,329,840

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

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 2,871,800	$ 3,160,800	$ 2,641,972	$ (518,828)
Miscellaneous	2,200	102,200	443,493	341,293
Total Receipts	2,874,000	3,263,000	3,085,465	(177,535)
DISBURSEMENTS				
Roads	3,574,000	3,749,500	2,911,256	838,244
Administration	905,000	1,204,500	593,324	611,176
Total Disbursements	4,479,000	4,954,000	3,504,580	1,449,420
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,605,000)	(1,691,000)	(419,115)	1,271,885
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,218,000	1,218,000	1,218,000	
Total Other Adjustments to Cash (Uses)	1,218,000	1,218,000	1,218,000	
Net Change in Fund Balance	(387,000)	(473,000)	798,885	1,271,885
Fund Balance - Beginning	387,000	473,000	473,060	60
Fund Balance - Ending	$ 0	$ 0	$ 1,271,945	$ 1,271,945

NELSON 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	$ 698,000	$ 724,600	$ 716,098	$ (8,502)
Charges for Services	341,000	341,000	240,134	(100,866)
Miscellaneous	59,000	72,500	99,146	26,646
Total Receipts	1,098,000	1,138,100	1,055,378	(82,722)
DISBURSEMENTS				
Protection to Persons and Property	2,529,500	2,605,400	2,525,116	80,284
Administration	610,500	574,700	569,255	5,445
Total Disbursements	3,140,000	3,180,100	3,094,371	85,729
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(2,042,000)	(2,042,000)	(2,038,993)	3,007
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	2,042,000	2,042,000	2,038,993	(3,007)
Total Other Adjustments to Cash (Uses)	2,042,000	2,042,000	2,038,993	(3,007)
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	$ 0	$ 0	$ 0	$ 0

NELSON 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	$ 295,000	$ 295,000	$ 298,428	$ 3,428
Total Receipts	295,000	295,000	298,428	3,428
DISBURSEMENTS				
Roads	105,000	105,000	75,596	29,404
Administration	156,000	156,000		156,000
Total Disbursements	261,000	261,000	75,596	185,404
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	34,000	34,000	222,832	188,832
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(250,000)	(250,000)	(250,000)	
Total Other Adjustments to Cash (Uses)	(250,000)	(250,000)	(250,000)	
Net Change in Fund Balance	(216,000)	(216,000)	(27,168)	188,832
Fund Balance - Beginning	216,000	216,000	238,775	22,775
Fund Balance - Ending	$ 0	$ 0	$ 211,607	$ 211,607

NELSON 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	$ 25,000	$ 25,000	$ 8,369	$ (16,631)
Miscellaneous			21,450	21,450
Total Receipts	25,000	25,000	29,819	4,819
DISBURSEMENTS				
Protection to Persons and Property		17,700	17,564	136
Administration	405,000	387,300		387,300
Total Disbursements	405,000	405,000	17,564	387,436
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(380,000)	(380,000)	12,255	392,255
Other Adjustments to Cash (Uses)				
Transfers To Other Funds				
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance	(380,000)	(380,000)	12,255	392,255
Fund Balance - Beginning	380,000	380,000	379,996	(4)
Fund Balance - Ending	$ 0	$ 0	$ 392,251	$ 392,251

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

	EMERGENCY MEDICAL SERVICES FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 10,000	$ 10,000	$ 10,000	$
Charges for Services	3,339,000	3,339,000	3,233,755	(105,245)
Miscellaneous		36,300	57,440	21,140
Total Receipts	3,349,000	3,385,300	3,301,195	(84,105)
DISBURSEMENTS				
Protection to Persons and Property	3,459,000	3,599,500	3,451,630	147,870
Administration	1,366,000	1,261,800	1,129,310	132,490
Total Disbursements	4,825,000	4,861,300	4,580,940	280,360
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,476,000)	(1,476,000)	(1,279,745)	196,255
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,050,000	1,050,000	1,050,000	
Total Other Adjustments to Cash (Uses)	1,050,000	1,050,000	1,050,000	
Net Change in Fund Balance	(426,000)	(426,000)	(229,745)	196,255
Fund Balance - Beginning	426,000	426,000	426,970	970
Fund Balance - Ending	$ 0	$ 0	$ 197,225	$ 197,225

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

	SOLID WASTE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 71,000	$ 71,000	$ 76,590	$ 5,590
Charges for Services	3,355,000	3,355,000	3,626,414	271,414
Miscellaneous	5,000	5,000	31,491	26,491
Total Receipts	3,431,000	3,431,000	3,734,495	303,495
DISBURSEMENTS				
General Health and Sanitation	2,602,000	2,634,800	2,421,095	213,705
Administration	901,000	868,200	477,875	390,325
Total Disbursements	3,503,000	3,503,000	2,898,970	604,030
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(72,000)	(72,000)	835,525	907,525
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(265,000)	(265,000)	(265,000)	
Total Other Adjustments to Cash (Uses)	(265,000)	(265,000)	(265,000)	
Net Change in Fund Balance	(337,000)	(337,000)	570,525	907,525
Fund Balance - Beginning	337,000	337,000	401,613	64,613
Fund Balance - Ending	$ 0	$ 0	$ 972,138	$ 972,138

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

	LANDFILL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 246,000	$ 246,000	$ 245,236	$ (764)
Charges for Services	4,566,000	4,566,000	4,492,232	(73,768)
Miscellaneous	53,000	53,000	37,999	(15,001)
Interest	31,000	31,000	55,187	24,187
Total Receipts	4,896,000	4,896,000	4,830,654	(65,346)
DISBURSEMENTS				
General Health and Sanitation	3,564,000	3,616,400	3,423,842	192,558
Capital Projects	300,000	659,000	646,462	12,538
Administration	5,268,000	4,163,090	595,959	3,567,131
Total Disbursements	9,132,000	8,438,490	4,666,263	3,772,227
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(4,236,000)	(3,542,490)	164,391	3,706,881
Other Adjustments to Cash (Uses)				
Bond Proceeds	-	-	-	
Transfers From Other Funds				
Transfers To Other Funds	(232,000)	(232,000)	(925,510)	(693,510)
Total Other Adjustments to Cash (Uses)	(232,000)	(232,000)	(925,510)	(693,510)
Net Change in Fund Balance	(4,468,000)	(3,774,490)	(761,119)	3,013,371
Fund Balance - Beginning	4,468,000	4,468,000	4,972,172	504,172
Fund Balance - Ending	$ 0	$ 693,510	$ 4,211,053	$ 3,517,543

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

	OCCUPATIONAL LICENSE FEE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	$ 1,655,000	$ 1,655,000	$ 1,695,527	$ 40,527
Total Receipts	1,655,000	1,655,000	1,695,527	40,527
DISBURSEMENTS				
General Government	184,300	196,800	193,773	3,027
General Health and Sanitation	15,000	15,000	7,127	7,873
Airports	22,000	22,000		22,000
Administration	339,700	327,200	35,979	291,221
Total Disbursements	561,000	561,000	236,879	324,121
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	1,094,000	1,094,000	1,458,648	364,648
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(1,605,000)	(1,605,000)	(1,605,000)	
Total Other Adjustments to Cash (Uses)	(1,605,000)	(1,605,000)	(1,605,000)	
Net Change in Fund Balance	(511,000)	(511,000)	(146,352)	364,648
Fund Balance - Beginning	511,000	511,000	543,329	32,329
Fund Balance - Ending	$ 0	$ 0	$ 396,977	$ 396,977

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

	COUNTY CLERK PERMANENT STORAGE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	$ 80,000	$ 80,000	$ 87,160	$ 7,160
Interest			74	74
Total Receipts	80,000	80,000	87,234	7,160
DISBURSEMENTS				
General Government	30,000	36,900	36,820	80
Administration	103,000	96,100		96,100
Total Disbursements	133,000	133,000	36,820	96,180
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(53,000)	(53,000)	50,414	103,340
Net Change in Fund Balance	(53,000)	(53,000)	50,414	103,414
Fund Balance - Beginning	53,000	53,000	99,888	46,888
Fund Balance - Ending	$ 0	$ 0	$ 150,302	$ 150,302

NELSON 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	$ 100,000	$ 100,000	$ 118,157	$ 18,157
Total Receipts	100,000	100,000	118,157	18,157
DISBURSEMENTS				
Protection to Persons and Property	72,000	78,800	77,486	1,314
Social Services		8,000	7,852	148
Administration	329,000	315,000	77,280	237,720
Total Disbursements	401,000	401,800	162,618	239,182
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(301,000)	(301,800)	(44,461)	257,339
Net Change in Fund Balance	(301,000)	(301,800)	(44,461)	257,339
Fund Balance - Beginning	301,000	301,000	229,196	(71,804)
Fund Balance - Ending	$ 0	$ 0	$ 184,735	$ 185,535

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

	E911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	$ 1,033,000	$ 1,033,000	$ 1,105,243	$ 72,243
Intergovernmental	427,000	427,000	540,060	113,060
Miscellaneous	1,000	1,000	5,908	4,908
Total Receipts	1,461,000	1,461,000	1,651,211	190,211
DISBURSEMENTS				
Protection to Persons and Property	1,021,000	1,084,800	1,046,307	38,493
Administration	1,244,000	1,180,200	366,159	814,041
Total Disbursements	2,265,000	2,265,000	1,412,466	852,534
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(804,000)	(804,000)	238,745	1,042,745
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	195,000	195,000	195,000	
Transfers To Other Funds	(54,000)	(54,000)	(54,000)	
Total Other Adjustments to Cash (Uses)	141,000	141,000	141,000	
Net Change in Fund Balance	(663,000)	(663,000)	379,745	1,042,745
Fund Balance - Beginning	663,000	663,000	688,197	25,197
Fund Balance - Ending	$ 0	$ 0	$ 1,067,942	$ 1,067,942

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

	AMERICAN RESCUE ACT PLAN			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
DISBURSEMENTS				
Roads		210,950	123,160	87,790
Capital Projects	3,325,000	3,162,955	1,684,374	1,478,581
Total Disbursements	3,325,000	3,373,905	1,807,534	
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(3,325,000)	(3,373,905)	(1,807,534)	
Net Change in Fund Balance	(3,325,000)	(3,373,905)	(1,807,534)	1,566,371
Fund Balance - Beginning	3,325,000	3,373,905	3,373,905	
Fund Balance - Ending	$ 0	$ 0	$ 1,566,371	$ 1,566,371

NELSON 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 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.

NELSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2025

NELSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistant Listing Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
U. S. Department of Homeland Security				
Passed-Through State Division of Emergency Management				
Disaster Grants-Public Assistance (Presidentially Declared Disasters	97.036		$	$ 5,719
Emergency Management Performance (2022)	97.042	15-7363644		12,500
Emergency Management Performance (2023)	97.042	15-7363644		37,500
Total U.S. Department of Homeland Security			$	$ 55,719
U.S. Office of National Drug and Control Policy				
Passed-Through Laurel County Fiscal Court				
High Intensity Drug Trafficking Areas Program	95.001	G22 P0001A	$	$ 33,396
Total U.S. Office of National Drug and Control Policy			$	$ 33,396
U. S. Department of Justice				
Direct Program				
Equitable Sharing Program	16.922			$ 11,845
Total U.S. Department of Justice			$	$ 11,845
Direct Program				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		$	$ 1,807,534
Total U.S. Department of the Treasury			$	$ 1,807,534
Total Expenditures of Federal Awards			$	$ 1,908,494

The accompanying notes are an integral part of this schedule

NELSON COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2025

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Nelson County, Kentucky under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Nelson County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Nelson County, Kentucky.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported 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. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

Nelson County has not adopted an indirect cost rate and has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NELSON COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2025

NELSON 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	$ 2,988,946	$ 174,535	$	$ 3,163,481
Land Improvements	19,672,854	785,350		20,458,204
Buildings	31,963,406	270,259		32,233,665
Vehicles	10,800,737	1,051,826		11,852,563
Computers	208,771			208,771
Equipment	6,582,461	604,191		7,186,652
Infrastructure	107,359,637	1,213,752		108,573,389
Total Capital Assets	$179,576,812	$ 4,099,913	$ 0	$183,676,725

NELSON 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 and Land Improvements	$ 10,000	10-60
Buildings	$ 8,000	10-75
Vehicles	$ 5,000	3-25
Computers	$ 3,000	2-10
Equipment	$ 5,000	3-25
Infrastructure	$ 10,000	10-50

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

RWH

Roy W. Hunter, CPA, PLLC

The Honorable Tim Hutchins, Nelson County Judge/Executive
Members of the Nelson 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 Nelson County Fiscal Court for the fiscal year ended June 30, 2025, and the related notes to the financial statement which collectively comprise the Nelson County Fiscal Court's financial statement and have issued our report thereon dated May 4, 2026.

Internal Control Over Financial Reporting

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

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 statements will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2025-001 that we consider to be a significant deficiency.

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

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Nelson 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

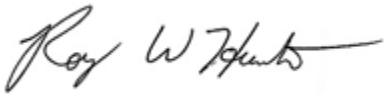
Views of Responsible Officials and Planned Corrective Action

Government Auditing Standards requires the auditor to perform limited procedures on the Nelson County's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questionable Costs. 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,



Roy W. Hunter, CPA, PLLC
Lexington, Kentucky

May 4, 2026

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

The Honorable Tim Hutchins, Nelson County Judge/Executive
Members of the Nelson County Fiscal Court

Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With The Uniform Guidance

Independent Auditor's Report

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Nelson County Fiscal Court's compliance with the types of compliance requirements identified as subject to audit in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Nelson County Fiscal Court's major federal programs for the year ended June 30, 2025. The Nelson County Fiscal Court's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Nelson County Fiscal Court complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance 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 (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Nelson County Fiscal Court and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Nelson County Fiscal Court's compliance with the compliance requirements referred to above.

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Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With The Uniform Guidance
(Continued)

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Nelson County Fiscal Court's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Nelson County Fiscal Court's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Nelson County Fiscal Court's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Nelson County Fiscal Court's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Nelson County Fiscal Court's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Nelson County Fiscal Court's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With The Uniform Guidance
(Continued)

Report on Internal Control over Compliance

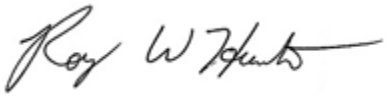
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Roy W. Hunter, CPA, PLLC
Lexington, Kentucky

May 4, 2026

NELSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2025

NELSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2025

Section I: Summary of Auditor's Results

Financial Statement

Type of report auditor issued: Adverse on GAAP and Unmodified on Regulatory Basis

Internal control over financial reporting:

Are any material weaknesses identified?	☐ Yes	☒ None Reported
Are any significant deficiencies identified?	☒ Yes	☐ No
Are any noncompliances material to financial statements noted?	☐ Yes	☒ None Reported

Federal Awards

Internal control over major programs:

Are any material weaknesses identified?	☐ Yes	☒
Are any significant deficiencies identified?	☐ Yes	☒ None Reported
Type of auditor's report issued on compliance for major federal programs: Unmodified		
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	☐ Yes	☒

Identification of major programs:

Federal Assistance Listing Number	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
Auditee qualified as a low-risk auditee?	☐ Yes	☒ No

NELSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2025
(Continued)

Section II: Financial Statement Findings

2025-001 The Nelson County Fiscal Court Had Incomplete Controls Over The Purchase Order System

During fiscal year 2025, the Nelson County Fiscal Court had internal control deficiencies and non-compliances regarding purchase orders. The following finding was noted with Nelson County Fiscal Court's purchase orders:

- Purchase orders are not issued as required by Department of Local Government (DLG) guidelines and/or were issued after the expense had already been incurred.

The fiscal court failed to establish appropriate internal controls over the purchase order system. Due to lack of management oversight and review, the required purchase orders procedures were not followed.

These control deficiencies could result in inaccurate reporting, and misappropriation of assets.

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 requires a purchase order system for all counties and each county is responsible for ensuring their purchase order system is executed and working properly.
According to a memorandum from the Department for Local Government (DLG) dated August 4, 2016, "[t]he main purpose of this system is to ensure that purchases can be made if there are sufficient appropriations available within the amount of line items in the county's budget. Because of this, it is a requirement by the State Local Finance Officer that all counties have a purchase order system and follow the guidelines prescribed on Page 54 of the County Budget Preparation and State Local Finance Officer Policy Manual" which states that a daily chronological listing of all purchase orders be kept that indicates the PO number, issue approved by appropriation account code, vendor name, date invoice received, amount of the invoice, date claim reviewed by fiscal court, date paid and amount paid. Furthermore, DLG highly recommends that counties accept the practice of issuing PO's for payroll and utility claims.

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." An effective purchase order system is a basic internal control necessary to ensure the accuracy and reliability of financial reports. Moreover, implementation of strong internal controls over the purchase order system is necessary to prevent misappropriation of assets, cash flow problems, and claims being paid that are not valid obligations of the fiscal court.

We recommend the Nelson County Fiscal Court strengthen internal controls over the purchase order system by ensuring that purchase orders are issued prior to all purchases being made.

NELSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2025
(Continued)

Section II: Financial Statement Findings (Continued)

2025-001 The Nelson County Fiscal Court Had Incomplete Controls Over The Purchase Order System (Continued)

Views of Responsible Official and Planned Corrective Action:

We acknowledge the audit find regarding incomplete controls over the purchase order system. Following the fiscal year 2024 audit exit held on April 10, 2025, the Fiscal Court immediately implemented change to strengthen the internal processing of purchase orders.

While the Fiscal Court has always maintained a purchase order process, management recognized the opportunity to enhance internal controls and oversight procedures. Since April 2025, additional measures have been implemented to reinforce compliance, improve documentation, and ensure greater consistency in the review and approval process.

The Fiscal Court remains committed to maintaining strong internal controls and continue to evaluate and improve its purchase order procedures to ensure accountability, transparency, and compliance with applicable policies and regulations.

Auditor's Follow-Up

The Nelson County Fiscal implemented a new purchase order system in fiscal year 2026 to address this finding.

Section III: Federal Award Findings And Questioned Costs

None noted.

Section IV: Summary Schedule of Prior Audit Findings

Nelson County – Kentucky
Tim Hutchins – County Judge Executive
PO Box 578 – One Court Square, 2nd Floor
Bardstown, KY 40004
502-348-1800
ncjudge@bardstown.com

Magistrate District #1: Keith Metcalfe
Magistrate District # 2: Adam Wheatley
Magistrate District #3: MT Harned
Magistrate District #4: Jeff Lear
Magistrate District #5: Jon Snow

Finding Number	Prior Year Finding Title	Status	Corrective Action
2024-001	The Nelson County Fiscal Court Had Inadequate Controls Over Disbursement	Partially Resolved	Partially corrected. Partially repeated as an audit report finding with a new title.
2024-002	The Nelson County Jail Had Weaknesses in Internal Control That Led to Noncompliance With Laws and Regulations	Partially Resolved	Partially corrected. Not repeated as an audit report finding.

CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

NELSON COUNTY FISCAL COURT

For The Year Ended June 30, 2025

Appendix A

CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE
COUNTY FISCAL COURT

For The Year Ended June 30, 2025

The Nelson 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.

Tim Hutchins
County Judge/Executive

Rhonda Fenwick
County Treasurer