

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

**For The Year Ended  
June 30, 2025**



**ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS  
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**ALLISON BALL**  
**AUDITOR OF PUBLIC ACCOUNTS**

Independent Auditor's Report

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

**Report on the Audit of the Financial Statement**

***Opinions***

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

*Unmodified Opinion on Regulatory Basis of Accounting*

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Fulton 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 Fulton County Fiscal Court, for the year ended June 30, 2025, or the changes in financial position and cash flows thereof for the year then ended.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Fiscal Court Audit Guide* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Fulton 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.



To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
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### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statement, the financial statement is prepared by the Fulton 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***

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fulton 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Fulton County Fiscal Court. The Budgetary Comparison Schedules are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

The accompanying Budgetary Comparison Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules are fairly stated in all material respects in relation to the financial statement as a whole.

***Other Information***

Management is responsible for the other information included in this report. The other information is comprised of the schedule of capital assets but does not include the financial statement and our auditor's report thereon. Our opinions on the financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2026, on our consideration of the Fulton 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 Fulton County Fiscal Court's internal control over financial reporting and compliance.

Based on the results of our audit, we present the accompanying Schedule of Findings and Responses included herein, which discusses the following report findings:

- 2025-001 The Fulton County Fiscal Court Failed To Implement Adequate Internal Controls Over Accounting Functions And Financial Reporting Including Adequately Segregating Duties
- 2025-002 The Fulton County Fiscal Court Failed To Approve Quarterly Financial Reports And An Annual Settlement For The Fiscal Year
- 2025-003 The Fulton County Fiscal Court Failed To Implement Adequate Internal Controls Over Disbursements
- 2025-004 The Fulton County Fiscal Court Failed To Prepare A Schedule Of Expenditures Of Federal Awards For The 2025 Fiscal Year

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

March 20, 2026

**FULTON COUNTY OFFICIALS****For The Year Ended June 30, 2025****Fiscal Court Members:**

Jim Martin	County Judge/Executive
Butch Busby	Magistrate
Wade Adams	Magistrate
Matt Moss	Magistrate
Jim Paitsel	Magistrate - 6/1/2024 to 5/28/2025
Milton Dean	Magistrate - 6/4/2025 to 6/30/2025

**Other Elected Officials:**

Mindy Major	County Attorney
Steven Williams	Jailer
Naomi Jones	County Clerk
Jaime Matthes	Circuit Court Clerk
Chad Parker	Sheriff
Pete Morgan	Property Valuation Administrator
Darrin Hulin	Coroner

**Appointed Personnel:**

Christian Lattus	County Treasurer
Carol Parker	Chief Financial Officer
April Gallimore	Deputy Judge Executive

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

**For The Year Ended June 30, 2025**

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

**For The Year Ended June 30, 2025**

	<b>Budgeted Funds</b>			
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>LGEA Fund</b>
<b>RECEIPTS</b>				
Taxes	\$ 1,067,843	\$	\$	\$
In Lieu Tax Payments	37,505			
Excess Fees	3,148			
Intergovernmental	1,096,668	1,252,164	5,332,063	
Charges for Services			19,393	
Miscellaneous	183,426	5,769	286,087	
Interest	53,211	137,676	82,478	
Total Receipts	<u>2,441,801</u>	<u>1,395,609</u>	<u>5,720,021</u>	
<b>DISBURSEMENTS</b>				
General Government	1,623,217			
Protection to Persons and Property	359,796		4,685,670	
General Health and Sanitation	11,000			
Social Services	8,429			
Recreation and Culture				
Roads		564,294		
Other Transportation Facilities and Services		67,970		
Debt Service	1,500		385,252	
Capital Projects	2,171	186,245		
Administration	571,132	106,304	1,354,892	
Total Disbursements	<u>2,577,245</u>	<u>924,813</u>	<u>6,425,814</u>	
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(135,444)</u>	<u>470,796</u>	<u>(705,793)</u>	
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	311,417			
Transfers To Other Funds	<u>(331,555)</u>	<u>(166,712)</u>	<u>(60,674)</u>	
Total Other Adjustments to Cash (Uses)	<u>(20,138)</u>	<u>(166,712)</u>	<u>(60,674)</u>	
Net Change in Fund Balance	(155,582)	304,084	(766,467)	
Fund Balance - Beginning (Restated)	<u>1,029,309</u>	<u>2,559,425</u>	<u>2,233,061</u>	
Fund Balance - Ending	<u>\$ 873,727</u>	<u>\$ 2,863,509</u>	<u>\$ 1,466,594</u>	<u>\$ 0</u>
<b>Composition of Fund Balance</b>				
Bank Balance	\$ 877,863	\$ 2,864,323	\$ 1,503,157	\$
Less: Outstanding Checks	<u>(4,136)</u>	<u>(814)</u>	<u>(36,563)</u>	
Fund Balance - Ending	<u>\$ 873,727</u>	<u>\$ 2,863,509</u>	<u>\$ 1,466,594</u>	<u>\$ 0</u>

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

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

<b>Budgeted Funds</b>						
<b>SAFE Fund</b>	<b>Federal Grants Fund</b>	<b>DES Fund</b>	<b>Fire Department Fund</b>	<b>Jail Sinking Fund</b>	<b>Clerk Storage Fund</b>	<b>SAFE Sinking Fund</b>
\$	\$	\$	\$	\$	\$	\$
16,523						
	168,101	10,248	1,000,000	68,765		
		3,148	128,577		12,107	
			56,137	87,754	52	8,528
<u>16,523</u>	<u>168,101</u>	<u>13,396</u>	<u>1,184,714</u>	<u>156,519</u>	<u>12,159</u>	<u>8,528</u>
	7,914				6,971	
	150,450	22,408	575,150			
	326,563					
	<u>484,927</u>	<u>22,408</u>	<u>575,150</u>		<u>6,971</u>	
<u>16,523</u>	<u>(316,826)</u>	<u>(9,012)</u>	<u>609,564</u>	<u>156,519</u>	<u>5,188</u>	<u>8,528</u>
	279,325	33,694				606,736
(588,200)			(2,200)			
<u>(588,200)</u>	<u>279,325</u>	<u>33,694</u>	<u>(2,200)</u>			<u>606,736</u>
(571,677)	(37,501)	24,682	607,364	156,519	5,188	615,264
571,677	185,866	(53)	757,037	1,851,464	6,807	2,653
<u>\$ 0</u>	<u>\$ 148,365</u>	<u>\$ 24,629</u>	<u>\$ 1,364,401</u>	<u>\$ 2,007,983</u>	<u>\$ 11,995</u>	<u>\$ 617,917</u>
\$	\$ 158,348	\$ 24,629	\$ 1,369,722	\$ 2,007,983	\$ 11,995	\$ 617,917
	(9,983)		(5,321)			
<u>\$ 0</u>	<u>\$ 148,365</u>	<u>\$ 24,629</u>	<u>\$ 1,364,401</u>	<u>\$ 2,007,983</u>	<u>\$ 11,995</u>	<u>\$ 617,917</u>

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

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

	<u>Budgeted Funds</u>			<u>Unbudgeted Fund</u>	<u>Total Funds</u>
	<u>Opioid Fund</u>	<u>Alcohol Fees Fund</u>	<u>ARPA Fund</u>	<u>Jail Commissary Fund</u>	
<b>RECEIPTS</b>					
Taxes	\$	\$	\$	\$	\$ 1,067,843
In Lieu Tax Payments					54,028
Excess Fees					3,148
Intergovernmental					8,928,009
Charges for Services					147,970
Miscellaneous	24,609	46,008		220,096	781,250
Interest	451	266	2,259		428,812
Total Receipts	<u>25,060</u>	<u>46,274</u>	<u>2,259</u>	<u>220,096</u>	<u>11,411,060</u>
<b>DISBURSEMENTS</b>					
General Government					1,638,102
Protection to Persons and Property					5,643,024
General Health and Sanitation	5,000				166,450
Social Services					8,429
Recreation and Culture				193,126	193,126
Roads					564,294
Other Transportation Facilities and Services					67,970
Debt Service					386,752
Capital Projects					514,979
Administration			955,935		2,988,263
Total Disbursements	<u>5,000</u>		<u>955,935</u>	<u>193,126</u>	<u>12,171,389</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)					
Adjustments to Cash (Uses)	<u>20,060</u>	<u>46,274</u>	<u>(953,676)</u>	<u>26,970</u>	<u>(760,329)</u>
<b>Other Adjustments to Cash (Uses)</b>					
Transfers From Other Funds					1,231,172
Transfers To Other Funds		(48,720)	(33,111)		(1,231,172)
Total Other Adjustments to Cash (Uses)		<u>(48,720)</u>	<u>(33,111)</u>		
Net Change in Fund Balance	20,060	(2,446)	(986,787)	26,970	(760,329)
Fund Balance - Beginning (Restated)	<u>45,269</u>	<u>23,953</u>	<u>1,028,558</u>	<u>151,189</u>	<u>10,446,215</u>
Fund Balance - Ending	<u>\$ 65,329</u>	<u>\$ 21,507</u>	<u>\$ 41,771</u>	<u>\$ 178,159</u>	<u>\$ 9,685,886</u>
<b>Composition of Fund Balance</b>					
Bank Balance	\$ 65,329	\$ 21,507	\$ 56,578	\$ 186,226	\$ 9,765,577
Less: Outstanding Checks			(14,807)	(8,067)	(79,691)
Fund Balance - Ending	<u>\$ 65,329</u>	<u>\$ 21,507</u>	<u>\$ 41,771</u>	<u>\$ 178,159</u>	<u>\$ 9,685,886</u>

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

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENT**

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**FULTON COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2025**

**Note 1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

**B. Basis of Accounting**

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

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

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

**C. Basis of Presentation**

**Budgeted Funds**

The fiscal court reports the following budgeted funds:

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

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

**FULTON 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)**

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of receipts for this fund are reimbursements from the state and federal governments, payments from other counties for housing prisoners, and transfers from the General Fund. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the General Fund.

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

SAFE Fund - The primary purpose of this fund is to account for a loan secured from the Commonwealth to be used for recovery efforts from storm damage.

Federal Grants Fund - The primary purpose of this fund is to account for expenses related to federal construction projects. The primary source of receipts for this fund are grants from the state and federal governments.

DES Fund - The primary purpose of this fund is to account for emergency management expenses of the county. The primary source of receipts for this fund is the state government.

Fire Department Fund - The primary purpose of this fund is to account for repair and/or construction expenses for the fire rescue building. The primary source of receipts for this fund is reimbursement from insurance and FEMA.

Jail Sinking Fund - The primary purpose of this fund is to hold funds that will be used to pay the jail's debt upon maturity. The primary source of receipts for this fund are funds received related to notes receivable.

Clerk Storage Fund - The primary purpose of this fund is to account for the receipts and disbursements associated with the preservation of public records maintained at the county clerk's office. The primary source of receipts for this fund is from the collection of storage fees at the county clerk's office.

SAFE Sinking Fund - The primary purpose of this fund is to save sufficient funds during the term of the SAFE loan to pay off the loan at end of term.

Opioid Fund - The primary purpose of this fund is to account for funds to be used to combat the county's opioid crisis. The primary sources of receipts for this fund are from the state resulting from an agreement with major opioid manufactures and distributors.

Alcohol Fees Fund - The primary purpose of this fund is to account for costs of additional policing, administration, and regulation due to repeal of prohibition. The primary source of receipts for this fund is from the collection of regulatory license fees imposed by a county ordinance.

ARPA Fund - The primary purpose of this fund is to account for the State and Local Recovery Funds grant received from the U.S. Department of Treasury. Per the grant guidelines, these funds are restricted as to use.

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

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

**C. Basis of Presentation (Continued)**

**Unbudgeted Fund**

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.

**D. Budgetary Information**

Annual budgets are adopted on a regulatory basis of accounting according to the laws of Kentucky as required by the state local finance officer, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board.

The county judge/executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the state local finance officer. Disbursements may not exceed budgeted appropriations at the activity level.

The state local finance officer does not require the Jail Commissary Fund to be budgeted because the fiscal court does not approve the expenses of this fund.

**E. Fulton County Elected Officials**

Kentucky law provides for election of the officials listed below from the geographic area constituting Fulton County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statement of the Fulton County Fiscal Court.

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

**FULTON 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 Organizations**

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

Fulton County Levee Board  
 New Madrid Levee Board

**Note 2. Deposits**

The fiscal court maintained deposits of public funds with federally insured banking institutions as required by the Department for Local Government's (DLG's) *County Budget Preparation and State Local Finance Officer Policy Manual*. The DLG manual strongly recommends perfected pledges of securities covering all public funds except direct federal obligations and funds protected by federal insurance. In order to be perfected in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the fiscal court and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of DLG's *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2025, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

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

**Note 3. Transfers**

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

	General Fund	Road Fund	Jail Fund	SAFE Fund	Fire Department Fund	Alcohol Fees Fund	ARPA Fund	Total Transfers In
General Fund	\$	\$ 166,712	\$ 60,674	\$	\$ 2,200	\$ 48,720	\$ 33,111	\$ 311,417
DES Fund	33,694							33,694
SAFE Sinking Fund	18,536			588,200				606,736
Federal Grants Fund	279,325							279,325
Total Transfers Out	\$ 331,555	\$ 166,712	\$ 60,674	\$ 588,200	\$ 2,200	\$ 48,720	\$ 33,111	\$ 1,231,172

Reason for transfers:

To move resources from and to the General Fund and other funds, for budgetary purposes, to the funds that will expend them.

**Note 4. Custodial Funds**

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

The fiscal court has the following custodial funds:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the Jail Inmate Fund as of June 30, 2025, was \$93,439.

Jail Escrow Fund – This fund accounts for funds belonging to former inmates that the jailer is unable to locate. The balance of the Jail Escrow Fund as of June 30, 2025, was \$7,711.

**Note 5. Commitments – Lease Agreements**

**A. Leases – Lessor**

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

Description	Effective Date	Length of Term	Frequency of Payments	Ending Date	Amount of Payments	Balance June 30, 2025
Fulton Clinic	1/1/2025	36 months	Monthly	12/31/2027	\$ 1,515	\$ 45,450
Hickman Clinic	1/1/2025	36 months	Monthly	12/31/2027	\$ 1,620	\$ 48,600
Chamber of Commerce	12/1/2023	36 months	Monthly	12/1/2026	\$ 123	\$ 2,219
HOPE Center	2/18/2025	12 months	Monthly	2/1/2026	\$ 244	\$ 1,709
ARK	12/1/2023	36 months	Monthly	12/1/2026	\$ 377	\$ 1,576

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

**Note 5. Commitments – Lease Agreements (Continued)**

**B. Leases – Lessee**

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

Description	Effective Date	Length of Term	Frequency of Payments	Ending Date	Amount of Payments	Balance June 30, 2025
Copiers	1/19/2023	60 months	Monthly	1/19/2027	\$ 299	\$ 5,382
Copiers	1/26/2023	60 months	Monthly	1/26/2027	\$ 38	\$ 684

**Note 6. Receivable**

On December 15, 2017, Fulton County executed a note receivable with Twin City Ambulance Inc., dba Ken-Tenn EMS, in the amount of \$373,186 for the purchase of two ambulances. The note is to be repaid in monthly installments including interest over 120 months. The maturity date of the note is February 15, 2028. Fulton County has set up the ambulance reserve fund to account for payments received on the note. As of June 30, 2025, the balance was paid in full.

**Note 7. Long-term Debt**

**A. Direct Borrowings and Direct Placements**

**1. KACo Lease – Detention Center Refinancing**

In March 2018, Fulton County entered into a financing agreement with the Kentucky Association of Counties Finance Corporation in the amount of \$2,710,000 at a rate of 2.4 percent for the purpose of refinancing the Fulton County Detention Center Facility Annex 1 and Annex 2 and constructing Annex 3. Monthly principal and interest payments are due until maturity in December 2034. In the event of default, the lessor will take legal title to and sell or re-lease the project or any portion thereof. The ending principal balance as of June 30, 2025, was \$1,663,750. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2026	\$ 156,250	\$ 56,591
2027	177,500	54,830
2028	182,500	48,186
2029	187,500	42,255
2030	192,500	36,042
2031-2035	767,500	75,649
Totals	\$ 1,663,750	\$ 313,553

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

**Note 7. Long-term Debt (Continued)**

**A. Direct Borrowings and Direct Placements (Continued)**

**2. KACo Lease – Detention Center Kitchen**

In October 2017, Fulton County entered into a financing agreement with the Kentucky Association of Counties Finance Corporation in the amount of \$1,720,000. The primary purpose of the lease was for the construction of a new kitchen facility at the Fulton County Detention Center. The lease has a variable interest rate of approximately 3.14 percent. Principal and interest payments are due monthly beginning December 1, 2017, until maturity in February 2038. In the event of default, the lessor will take legal title to and sell or re-lease the project or any portion thereof. The ending principal balance as of June 30, 2025, was \$1,216,250. Future principal and interest requirements are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2026	\$ 71,250	\$ 42,181
2027	82,500	42,867
2028	85,000	39,360
2029	87,500	35,748
2030	92,500	32,479
2031-2035	507,500	115,170
2036-2038	290,000	23,960
Totals	<u>\$ 1,216,250</u>	<u>\$ 331,765</u>

**3. State Aid Funding Emergencies (SAFE) Program**

In April 2024, Fulton County entered into a financing agreement with the Commonwealth of Kentucky in the amount of \$567,128. This is an interest free loan for the purpose of paying for expenses related to tornado damage across the county. Any unauthorized or improper expenditure of funds, or expenditure of funds other than in accordance with the terms of the MOA shall be deemed a default of this MOA. Upon default, the recipient shall reimburse the Commonwealth all funds that are not spent in accordance with the MOA and applicable laws. Principal payments of \$300 are due quarterly beginning March 1, 2024, until maturity in February 2044 with a one-time balloon payment due in March 2044. The ending principal balance as of June 30, 2025, was \$565,028. Future principal requirements are as follows:

Fiscal Year Ending June 30	Principal
2026	\$ 900
2027	1,200
2028	1,200
2029	1,200
2030	1,200
2031-2035	6,000
2036-2040	6,000
2041-2044	547,328
Totals	<u>\$ 565,028</u>

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

**Note 7. Long-term Debt (Continued)**

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

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Direct Borrowings and Direct Placements	\$ 3,704,028	\$	\$ 259,000	\$ 3,445,028	\$ 228,400
Total Long-term Debt	<u>\$ 3,704,028</u>	<u>\$ 0</u>	<u>\$ 259,000</u>	<u>\$ 3,445,028</u>	<u>\$ 228,400</u>

**C. Aggregate Debt Schedule**

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

<u>Fiscal Year Ended June 30</u>	<u>Direct Borrowings and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 228,400	\$ 98,772
2027	261,200	97,696
2028	268,700	87,546
2029	276,200	78,003
2030	286,200	68,521
2031-2035	1,281,000	190,819
2036-2040	296,000	23,960
2041-2044	547,328	
Totals	<u>\$ 3,445,028</u>	<u>\$ 645,317</u>

**Note 8. Employee Retirement System**

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Effective April 1, 2021, the Kentucky Public Pension Authority (KPPA) was created by KRS 61.505 to provide staffing and daily administrative needs for CERS and Kentucky Retirement Systems (Ky. Ret. Sys.). The CERS nine member board of trustees is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2023 was \$755,864, FY 2024 was \$830,765, and FY 2025 was \$663,216.

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

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

Nonhazardous

Nonhazardous covered employees are required to contribute 5% of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 6% of their salary to be allocated as follows: 5% will go to the member's account and 1% will be allocated to CERS's share of assets in the Ky. Ret. Sys. insurance trust fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own accounts. Nonhazardous covered employees contribute 5% of their annual creditable compensation. Nonhazardous members also contribute 1% to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by CERS Board of Trustees based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution.

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

The county's contribution rate for nonhazardous employees was 19.71%.

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:

<b>Years of Service</b>	<b>% Paid by Insurance Fund</b>	<b>% Paid by Member through Payroll Deduction</b>
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

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

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

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Benefits are covered under KRS 78.5536.

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

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

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

Tier 2 member benefits are covered by KRS 78.5536. Tier 3 members are not covered by the same provisions.

C. Cost of Living Adjustments - Tier 1

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of Ky. Ret. Sys. benefits. During the 2008 Special Session, the General Assembly determined that each July beginning in 2009, retirees who have been receiving a retirement allowance for at least 12 months will receive an automatic COLA of 1.5%. The COLA is not a guaranteed benefit. If a retiree has been receiving a benefit for less than 12 months, and a COLA is provided, it will be prorated based on the number of months the recipient has been receiving a benefit.

D. 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.

E. 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.

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

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

Other Post-Employment Benefits (OPEB) (Continued)

F. Annual Financial Report and Proportionate Share Audit Report

KPPA issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646. Some reports may also be obtained online at <https://kyret.ky.gov>.

KPPA also issues proportionate share audit reports for both total pension liability and other post-employment benefits for CERS determined by actuarial valuation as well as each participating county's proportionate share. Both the Schedules of Employer Allocations and Pension Amounts by Employer and the Schedules of Employer Allocations and OPEB Amounts by Employer reports and the related actuarial tables are available online at <https://kyret.ky.gov>. The complete actuarial valuation report, including all actuarial assumptions and methods, is also available on the website or can be obtained as described in the paragraph above.

**Note 9. Deferred Compensation**

The Fulton County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax-sheltered supplemental retirement plans for all state, public school and university employees, and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permit all full-time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing the Kentucky Public Employees' Deferred Compensation Authority at 501 High Street, 2nd Floor, Frankfort, KY 40601, or by telephone at (502) 573-7925.

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

The Fulton County Fiscal Court offers a flexible spending program to all county employees to provide employees an additional health benefit. The county has contracted with a third-party administrator to manage the plan. The plan provides a debit card to each eligible employee, providing \$2,160 for employees who have single coverage, and \$4,560 each year for employees who have a family plan. Employees may not contribute to the plan. As of June 30, 2025, the balance of the plan was \$135,131.

**Note 11. Insurance**

For the fiscal year ended June 30, 2025, the Fulton 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.

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

**Note 12. Conduit Debt**

From time to time the county has issued bonds to provide financial assistance to various entities 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 Fulton 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.

**Note 13. Prior Period Adjustments**

	<u>General Fund</u>	<u>Road Fund</u>	<u>ARPA Fund</u>	<u>Jail Commissary Fund</u>
Ending Fund Balance Prior Year	\$ 1,060,511	\$ 2,559,305	\$ 1,027,383	\$ 129,151
Adjustment:				
Prior Year Voided Checks		120	1,175	22,038
Court Facility Fees	30,776			
Mills Point Management	14,017			
Jail and DES Receipts included in Balance	(75,995)			
Beginning Fund Balance - Restated	<u>\$ 1,029,309</u>	<u>\$ 2,559,425</u>	<u>\$ 1,028,558</u>	<u>\$ 151,189</u>

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

**For The Year Ended June 30, 2025**

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

**For The Year Ended June 30, 2025**

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 817,600	\$ 817,600	\$ 1,067,843	\$ 250,243
In Lieu Tax Payments	37,000	37,000	37,505	505
Excess Fees	1,000	1,000	3,148	2,148
Licenses and Permits	4,827	4,827		(4,827)
Intergovernmental	1,018,160	1,018,160	1,096,668	78,508
Charges for Services	27,000	27,000		(27,000)
Miscellaneous	407,720	407,720	183,426	(224,294)
Interest	85,000	85,000	53,211	(31,789)
Total Receipts	<u>2,398,307</u>	<u>2,398,307</u>	<u>2,441,801</u>	<u>43,494</u>
<b>DISBURSEMENTS</b>				
General Government	1,653,782	1,825,464	1,623,217	202,247
Protection to Persons and Property	495,708	432,713	359,796	72,917
General Health and Sanitation	17,000	18,000	11,000	7,000
Social Services	9,500	9,500	8,429	1,071
Recreation and Culture	1,500	1,500		1,500
Airports	1,000	1,000		1,000
Debt Service	17,088	1,500	1,500	
Capital Projects	5,000	5,000	2,171	2,829
Administration	1,536,746	1,442,647	571,132	871,515
Total Disbursements	<u>3,737,324</u>	<u>3,737,324</u>	<u>2,577,245</u>	<u>1,160,079</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,339,017)</u>	<u>(1,339,017)</u>	<u>(135,444)</u>	<u>1,203,573</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	241,057	241,057	311,417	70,360
Transfers To Other Funds	<u>(25,000)</u>	<u>(25,000)</u>	<u>(331,555)</u>	<u>(306,555)</u>
Total Other Adjustments to Cash (Uses)	<u>216,057</u>	<u>216,057</u>	<u>(20,138)</u>	<u>(236,195)</u>
Net Change in Fund Balance	(1,122,960)	(1,122,960)	(155,582)	967,378
Fund Balance - Beginning (Restated)	<u>1,122,960</u>	<u>1,122,960</u>	<u>1,029,309</u>	<u>(93,651)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 873,727</u>	<u>\$ 873,727</u>

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

	<b>ROAD FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 1,457,755	\$ 1,457,755	\$ 1,252,164	\$ (205,591)
Miscellaneous	8,500	8,500	5,769	(2,731)
Interest	90,000	90,000	137,676	47,676
Total Receipts	<u>1,556,255</u>	<u>1,556,255</u>	<u>1,395,609</u>	<u>(160,646)</u>
<b>DISBURSEMENTS</b>				
Transportation Facilities and Services	2,500	2,500		2,500
Roads	923,690	942,230	564,294	377,936
Other Transportation Facilities and Services	31,000	71,782	67,970	3,812
Capital Projects	200,000	200,000	186,245	13,755
Administration	2,829,075	2,769,753	106,304	2,663,449
Total Disbursements	<u>3,986,265</u>	<u>3,986,265</u>	<u>924,813</u>	<u>3,061,452</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,430,010)</u>	<u>(2,430,010)</u>	<u>470,796</u>	<u>2,900,806</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	<u>(165,337)</u>	<u>(165,337)</u>	<u>(166,712)</u>	<u>(1,375)</u>
Total Other Adjustments to Cash (Uses)	<u>(165,337)</u>	<u>(165,337)</u>	<u>(166,712)</u>	<u>(1,375)</u>
Net Change in Fund Balance	(2,595,347)	(2,595,347)	304,084	2,899,431
Fund Balance - Beginning (Restated)	<u>2,595,347</u>	<u>2,595,347</u>	<u>2,559,425</u>	<u>(35,922)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,863,509</u>	<u>\$ 2,863,509</u>

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

	<b>JAIL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 6,804,500	\$ 6,804,500	\$ 5,332,063	\$ (1,472,437)
Charges for Services	3,000	3,000	19,393	16,393
Miscellaneous	691,000	691,000	286,087	(404,913)
Interest	50,000	50,000	82,478	32,478
Total Receipts	<u>7,548,500</u>	<u>7,548,500</u>	<u>5,720,021</u>	<u>(1,828,479)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	5,943,974	6,001,520	4,685,670	1,315,850
Debt Service	350,000	385,252	385,252	
Administration	2,861,516	2,768,718	1,354,892	1,413,826
Total Disbursements	<u>9,155,490</u>	<u>9,155,490</u>	<u>6,425,814</u>	<u>2,729,676</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,606,990)</u>	<u>(1,606,990)</u>	<u>(705,793)</u>	<u>901,197</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	<u>(27,000)</u>	<u>(27,000)</u>	<u>(60,674)</u>	<u>(33,674)</u>
Total Other Adjustments to Cash (Uses)	<u>(27,000)</u>	<u>(27,000)</u>	<u>(60,674)</u>	<u>(33,674)</u>
Net Change in Fund Balance	(1,633,990)	(1,633,990)	(766,467)	867,523
Fund Balance - Beginning	<u>1,633,990</u>	<u>1,633,990</u>	<u>2,233,061</u>	<u>599,071</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,466,594</u>	<u>\$ 1,466,594</u>

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

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>RECEIPTS</b>				
Intergovernmental	\$ 500	\$ 500	\$	\$ (500)
Total Receipts	<u>500</u>	<u>500</u>		<u>(500)</u>
<b>DISBURSEMENTS</b>				
Roads	500	500		500
Total Disbursements	<u>500</u>	<u>500</u>		<u>500</u>
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

	<b>SAFE FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
In Lieu Tax Payments	\$ 12,000	\$ 12,000	\$ 16,523	\$ 4,523
Total Receipts	<u>12,000</u>	<u>12,000</u>	<u>16,523</u>	<u>4,523</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	579,820	579,820		579,820
Total Disbursements	<u>579,820</u>	<u>579,820</u>		<u>579,820</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(567,820)</u>	<u>(567,820)</u>	16,523	<u>584,343</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds			(588,200)	(588,200)
Total Other Adjustments to Cash (Uses)			<u>(588,200)</u>	<u>(588,200)</u>
Net Change in Fund Balance	(567,820)	(567,820)	(571,677)	(3,857)
Fund Balance - Beginning	<u>567,820</u>	<u>567,820</u>	<u>571,677</u>	<u>3,857</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

	<b>FEDERAL GRANTS FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 899,000	\$ 899,000	\$ 168,101	\$ (730,899)
Charges for Services	2,000,000	2,000,000		(2,000,000)
Total Receipts	<u>2,899,000</u>	<u>2,899,000</u>	<u>168,101</u>	<u>(2,730,899)</u>
<b>DISBURSEMENTS</b>				
General Government	500,000	500,000	7,914	492,086
General Health and Sanitation	250,000	250,000	150,450	99,550
Capital Projects	2,149,000	2,149,000	326,563	1,822,437
Total Disbursements	<u>2,899,000</u>	<u>2,899,000</u>	<u>484,927</u>	<u>2,414,073</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>(316,826)</u>	<u>(316,826)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			<u>279,325</u>	<u>279,325</u>
Total Other Adjustments to Cash (Uses)			<u>279,325</u>	<u>279,325</u>
Net Change in Fund Balance			(37,501)	(37,501)
Fund Balance - Beginning			<u>185,866</u>	<u>185,866</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 148,365</u>	<u>\$ 148,365</u>

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

	<b>DES FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 11,800	\$ 11,800	\$ 10,248	\$ (1,552)
Miscellaneous			3,148	3,148
Total Receipts	<u>11,800</u>	<u>11,800</u>	<u>13,396</u>	<u>1,596</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	25,300	25,300	22,408	2,892
Administration	12,500	12,500		12,500
Total Disbursements	<u>37,800</u>	<u>37,800</u>	<u>22,408</u>	<u>15,392</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(26,000)</u>	<u>(26,000)</u>	<u>(9,012)</u>	<u>16,988</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	25,000	25,000	33,694	8,694
Total Other Adjustments to Cash (Uses)	<u>25,000</u>	<u>25,000</u>	<u>33,694</u>	<u>8,694</u>
Net Change in Fund Balance	(1,000)	(1,000)	24,682	25,682
Fund Balance - Beginning	<u>1,000</u>	<u>1,000</u>	<u>(53)</u>	<u>(1,053)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 24,629</u>	<u>\$ 24,629</u>

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

	<b>FIRE DEPARTMENT FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$	\$	\$ 1,000,000	\$ 1,000,000
Charges for Services	198,585	198,585	128,577	(70,008)
Interest	38,400	38,400	56,137	17,737
Total Receipts	<u>236,985</u>	<u>236,985</u>	<u>1,184,714</u>	<u>947,729</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	<u>991,985</u>	<u>991,985</u>	<u>575,150</u>	<u>416,835</u>
Total Disbursements	<u>991,985</u>	<u>991,985</u>	<u>575,150</u>	<u>416,835</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(755,000)</u>	<u>(755,000)</u>	<u>609,564</u>	<u>1,364,564</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	<u></u>	<u></u>	<u>(2,200)</u>	<u>(2,200)</u>
Total Other Adjustments to Cash (Uses)	<u></u>	<u></u>	<u>(2,200)</u>	<u>(2,200)</u>
Net Change in Fund Balance	(755,000)	(755,000)	607,364	1,362,364
Fund Balance - Beginning	<u>755,000</u>	<u>755,000</u>	<u>757,037</u>	<u>2,037</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,364,401</u>	<u>\$ 1,364,401</u>

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

	<b>JAIL SINKING FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 44,514	\$ 44,514	\$ 68,765	\$ 24,251
Interest	90,000	90,000	87,754	(2,246)
Total Receipts	<u>134,514</u>	<u>134,514</u>	<u>156,519</u>	<u>22,005</u>
<b>DISBURSEMENTS</b>				
Debt Service	<u>1,976,997</u>	<u>1,976,997</u>		<u>1,976,997</u>
Total Disbursements	<u>1,976,997</u>	<u>1,976,997</u>		<u>1,976,997</u>
Net Change in Fund Balance	(1,842,483)	(1,842,483)	156,519	1,999,002
Fund Balance - Beginning	<u>1,842,483</u>	<u>1,842,483</u>	<u>1,851,464</u>	<u>8,981</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,007,983</u>	<u>\$ 2,007,983</u>

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

**CLERK STORAGE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
	<b>RECEIPTS</b>			
Miscellaneous	\$ 15,000	\$ 15,000	\$ 12,107	\$ (2,893)
Interest	100	100	52	(48)
Total Receipts	<u>15,100</u>	<u>15,100</u>	<u>12,159</u>	<u>(2,941)</u>
<b>DISBURSEMENTS</b>				
General Government	<u>18,300</u>	<u>18,300</u>	<u>6,971</u>	<u>11,329</u>
Total Disbursements	<u>18,300</u>	<u>18,300</u>	<u>6,971</u>	<u>11,329</u>
Net Change in Fund Balance	(3,200)	(3,200)	5,188	8,388
Fund Balance - Beginning	<u>3,200</u>	<u>3,200</u>	<u>6,807</u>	<u>3,607</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,995</u>	<u>\$ 11,995</u>

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

	<b>SAFE SINKING FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 15,888	\$ 15,888	\$	\$ (15,888)
Interest	758	758	8,528	7,770
Total Receipts	<u>16,646</u>	<u>16,646</u>	<u>8,528</u>	<u>(8,118)</u>
<b>DISBURSEMENTS</b>				
Debt Service	21,997	21,997		21,997
Total Disbursements	<u>21,997</u>	<u>21,997</u>		<u>21,997</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(5,351)</u>	<u>(5,351)</u>	<u>8,528</u>	<u>13,879</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			606,736	606,736
Total Other Adjustments to Cash (Uses)			<u>606,736</u>	<u>606,736</u>
Net Change in Fund Balance	(5,351)	(5,351)	615,264	620,615
Fund Balance - Beginning	<u>5,351</u>	<u>5,351</u>	<u>2,653</u>	<u>(2,698)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 617,917</u>	<u>\$ 617,917</u>

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

	<b>OPIOID FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$ 39,000	\$ 39,000	\$ 24,609	\$ (14,391)
Interest	1,000	1,000	451	(549)
Total Receipts	<u>40,000</u>	<u>40,000</u>	<u>25,060</u>	<u>(14,940)</u>
<b>DISBURSEMENTS</b>				
General Health and Sanitation	85,300	85,300	5,000	80,300
Total Disbursements	<u>85,300</u>	<u>85,300</u>	<u>5,000</u>	<u>80,300</u>
Net Change in Fund Balance	(45,300)	(45,300)	20,060	65,360
Fund Balance - Beginning	<u>45,300</u>	<u>45,300</u>	<u>45,269</u>	<u>(31)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 65,329</u>	<u>\$ 65,329</u>

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

	<b>ALCOHOL FEES FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$ 48,614	\$ 48,614	\$ 46,008	\$ (2,606)
Interest	106	106	266	160
Total Receipts	<u>48,720</u>	<u>48,720</u>	<u>46,274</u>	<u>(2,446)</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>48,720</u>	<u>48,720</u>	<u>46,274</u>	<u>(2,446)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	<u>(48,720)</u>	<u>(48,720)</u>	<u>(48,720)</u>	
Total Other Adjustments to Cash (Uses)	<u>(48,720)</u>	<u>(48,720)</u>	<u>(48,720)</u>	
Net Change in Fund Balance			(2,446)	(2,446)
Fund Balance - Beginning			<u>23,953</u>	<u>23,953</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21,507</u>	<u>\$ 21,507</u>

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

	<b>ARPA FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Interest	\$ 5,000	\$ 5,000	\$ 2,259	\$ (2,741)
Total Receipts	<u>5,000</u>	<u>5,000</u>	<u>2,259</u>	<u>(2,741)</u>
<b>DISBURSEMENTS</b>				
Administration	1,040,000	1,040,000	955,935	84,065
Total Disbursements	<u>1,040,000</u>	<u>1,040,000</u>	<u>955,935</u>	<u>84,065</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,035,000)</u>	<u>(1,035,000)</u>	<u>(953,676)</u>	<u>81,324</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds			(33,111)	(33,111)
Total Other Adjustments to Cash (Uses)			<u>(33,111)</u>	<u>(33,111)</u>
Net Change in Fund Balance	(1,035,000)	(1,035,000)	(986,787)	48,213
Fund Balance - Beginning (Restated)	<u>1,035,000</u>	<u>1,035,000</u>	<u>1,028,558</u>	<u>(6,442)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 41,771</u>	<u>\$ 41,771</u>

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

**June 30, 2025**

**Note 1. Budgetary Information**

Annual budgets are adopted on a regulatory basis of accounting according to the laws of Kentucky as required by the state local finance officer, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board.

The county judge/executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the state local finance officer. Disbursements may not exceed budgeted appropriations at the activity level.

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**FULTON COUNTY  
SCHEDULE OF CAPITAL ASSETS  
Other Information - Regulatory Basis**

**For The Year Ended June 30, 2025**

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**FULTON 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:

	(Restated *) Beginning Balance	Additions	Deletions	Ending Balance
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Land and Land Improvements	\$ 489,773	\$	\$	\$ 489,773
Buildings and Building Improvements	17,303,082	97,448		17,400,530
Vehicles & Equipment *	4,133,349	508,450		4,641,799
Infrastructure	<u>30,332,898</u>	<u>1,015,264</u>		<u>31,348,162</u>
 Total Capital Assets	 <u>\$ 52,259,102</u>	 <u>\$ 1,621,162</u>	 <u>\$</u>	 <u>\$ 53,880,264</u>

**FULTON 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.

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land Improvements	\$ 10,000	15-30
Buildings and Building Improvements	\$ 10,000	10-60
Machinery and Equipment	\$ 10,000	3-25
Vehicles	\$ 10,000	3-15
Infrastructure	\$ 10,000	10-50

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

Vehicles and equipment beginning balance was restated by \$54,070 for omitted items.

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

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ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS

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

Independent Auditor's Report

The Honorable Jim Martin, Fulton County Judge/Executive  
Members of the Fulton County Fiscal Court

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Fulton County Fiscal Court for the fiscal year ended June 30, 2025, and the related notes to the financial statement which collectively comprise the Fulton County Fiscal Court's financial statement and have issued our report thereon dated March 20, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Fulton County Fiscal Court's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Fulton County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fulton County Fiscal Court's internal control.

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2025-001, 2025-002, 2025-003, and 2025-004 to be material weaknesses.



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 Fulton County Fiscal Court's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2025-001, 2025-002, 2025-003, and 2025-004.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the Fulton County's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The county's response was not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

March 20, 2026

**FULTON COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2025**

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**FULTON COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2025**

2025-001 The Fulton County Fiscal Court Failed To Implement Adequate Internal Controls Over Accounting Functions and Financial Reporting Including Adequately Segregating Duties

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Condition and Context

This is a repeat finding and was included in the prior year audit report as finding 2024-001. The Fulton County Fiscal Court lacks adequate segregation of duties and failed to provide sufficient oversight and monitoring of accounting functions and the financial reporting for fiscal year ended June 30, 2025. The county treasurer is responsible for preparing deposits, posting to the receipt ledger, preparing checks, posting to the disbursements ledger, performing monthly bank reconciliations, and preparing monthly, quarterly, and annual financial reports. There were no functioning and documented internal controls in place to monitor, provide oversight, or check the work performed by the county treasurer in fiscal year 2025, which allowed the county treasurer to have total control over the accounting and reporting functions. The fourth quarter financial statement submitted to the Department for Local Government did not accurately reflect the financial activities of the county as it was materially inaccurate.

Cause

While the county treasurer may be required to perform most of the accounting and reporting functions, the fiscal court failed to adequately segregate the duties involved. The fiscal court also failed to establish a documented adequate system of oversight and internal controls to ensure the financial reports were complete and accurate.

Effect

The lack of segregation of duties and management oversight provides an environment in which an individual can manipulate financial records and misappropriate or misdirect county funds. The following deficiencies, instances of non-compliance, and errors occurred without detection:

- Budgetary amounts reported on the fourth quarter financial report did not agree to the budget approved by the fiscal court. Budget receipts and disbursements were understated by \$2,899,500 due to the fourth quarter not reporting two budgeted funds.
- Federal Grants Fund receipts of \$168,102 and disbursements of \$484,927 were omitted from the fourth quarter financial statement.
- The General Fund disbursements were overstated by \$407,498 due to inter-account transfers, transfers out, and bank errors and corrections being posted as operating disbursements.
- The Fire Department Fund received a \$1,000,000 grant from the state to build a new fire department. The receipt was posted as a charges for services account code instead of an intergovernmental code.
- Sheriff fee pooling line item was reported as \$253,168 on the quarterly report, however the ledgers showed \$272,043, which is a variance of \$18,875.
- Transfers in and transfers out were posted as operating receipts and disbursements.
- One General Fund operating receipt line item in the amount of \$125,434 was reported utilizing an operating expenditure code.
- The Mills Point Leasing receipts and disbursements were not reported in the county's budget.
- As reported in finding 2025-004, the county expended \$1,459,525 in federal funds but did not prepare a Schedule of Expenditures of Federal Awards (SEFA). An Alternative Compliance Examination (ACEE) was completed.

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

2025-001 The Fulton County Fiscal Court Failed To Implement Adequate Internal Controls Over Accounting Functions and Financial Reporting Including Adequately Segregating Duties (Continued)

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Criteria

Strong internal controls, including the segregation of duties over various accounting functions such as recording receipts and disbursements, performing bank reconciliations, and preparing monthly, quarterly, and annual financial reports, are vital in ensuring the financial reports accurately reflect the financial activity of the fiscal court as well as ensuring adherence to applicable laws and regulations. These internal controls are essential for providing protection from asset misappropriation and inaccurate financial reporting.

KRS 46.010(2) requires, “each county treasurer and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements.” KRS 46.010(3) requires, “all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements and to make other financial statements as the Department for Local Government requires.” The oversight of the accounting financial reporting processes is a basic internal control necessary to ensure financial statements are fairly stated and agree to underlying accounting records.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts which are outlined in the *County Budget Preparation and State Local Finance Officer Policy Manual* (DLG Budget Manual). The DLG Budget Manual requires fiscal courts to submit quarterly reports that show, among other things, the amounts from the original budget for each category of receipts and disbursements. The fourth quarter financial report budgetary amounts should agree to the original budget and any budget amendments submitted to the Department for Local Government. The DLG Budget Manual also requires all funds, except for a Public Properties Corporation, the Jail Commissary, and any Trust Funds, to be budgeted and listed on the quarterly reports.

KRS 68.020(4) states, “[t]he county treasurer shall keep an accurate detailed account of all money received and disbursed by him or her for the county, and shall keep books of accounts of the financial transactions of the county in the manner required by the uniform system of accounting prescribed by the state local finance officer.”

Recommendations

We recommend the Fulton County Fiscal Court segregate the duties involved in recording receipts and disbursements, reconciling bank accounts, and preparing monthly, quarterly, and annual financial reports so that one individual does not have control over all accounting and reporting functions. If segregation of duties is not possible, appropriate management oversight should ensure the completion of accurate financial reports, including budgetary amounts, actual receipts, and disbursements, as well as other required schedules. This oversight should include a documented review of financial reports by management to verify amounts recorded and reported are accurate.

Views of Responsible Official and Planned Corrective Action

*County Judge/Executive’s Response: The Fulton County Fiscal Court will implement the recommendations made by the auditors to strengthen internal controls over accounting functions and financial reporting. Additional oversight and segregation of duties will be implemented where feasible, and compensating controls will be established where staffing limitations exist. These changes have been implemented.*

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

2025-002 The Fulton County Fiscal Court Failed To Approve Quarterly Financial Reports And An Annual Settlement For The Fiscal Year

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Condition and Context

This is a repeat finding and was included in the prior year audit report as finding 2024-005. The fiscal court does not require the county treasurer or county judge/executive to present quarterly financial reports or an annual settlement. Rather, the fiscal court approves the treasurer's monthly financial reports as quarterly financial reports and annual settlement.

Cause

The fiscal court has failed to establish an adequate system of oversight and internal controls to ensure the financial reports and annual settlement were presented for approval.

Effect

Since the quarterly financial reports and annual settlement were not approved in open court, the fiscal court may not have adequate financial information to make effective management decisions for the county.

Criteria

KRS 68.360(2) states, “[t]he county judge/executive shall, within fifteen (15) days after the end of each quarter of each fiscal year, prepare a statement showing for the current fiscal year to date actual receipts from each county revenue source, the totals of all encumbrances and expenditures charged against each budget fund, the unencumbered balance of the fund, and any transfers made to or from the fund. The county judge/executive shall post the statement in a conspicuous place in the courthouse near the front door for at least ten (10) consecutive days, and transmit a copy to the fiscal court and to the state local finance officer. The statement shall be read at the next meeting of the fiscal court.” Also, according to the state and local finance officer, the quarterly financial report should be prepared, signed, and dated by the county judge/executive and county treasurer. The report is comprised of six sections as follows: Section I: Summary and Reconciliation, prepared by county treasurer; Section II: Receipts Section, prepared by county treasurer; Section III: Contingent Liabilities Section, prepared by county treasurer; Section IV: Appropriation Condition Report, prepared by county judge executive; Section V: Fixed Asset Section – 4<sup>th</sup> quarter reporting only; and Section VI: Schedule of Expenditures of Federal Awards – 4<sup>th</sup> quarter reporting only. The final quarterly report filed by a county within 15 days after the end of the last quarter of the fiscal year, in accordance with KRS 68.360(2), shall be deemed the uniform financial information report for that county for the purposes of compliance with KRS 65.900 and KRS 65.925.

KRS 68.020(4) states, “[t]he county treasurer shall keep an accurate detailed account of all money received and disbursed by him or her for the county, and shall keep books of accounts of the financial transactions of the county in the manner required by the uniform system of accounting prescribed by the state local finance officer.”

KRS 424.220(1) states, in part, “every public officer of any city, county, or district less than a county, or of any board, commission, or other authority of a city, county, or district whose duty it is to collect, receive, have the custody, control, or disbursement of any funds collected from the public in any form shall, at the end of each fiscal year, prepare an itemized, sworn statement of the funds collected, received, held, or disbursed by him or her during the fiscal year just closed[.]”

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

2025-002 The Fulton County Fiscal Court Failed To Approve Quarterly Financial Reports And An Annual Settlement For The Fiscal Year (Continued)

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Criteria (Continued)

KRS 424.220(2) states, “[t]he statement shall show: (a) The total amount of funds collected and received during the fiscal year from each individual source; and (b) The total amount of funds disbursed during the fiscal year to each individual payee.”

KRS 68.030 states, “[e]ach settlement made by the county treasurer shall be approved by the fiscal court in open court, and shall, by order of the fiscal court, be recorded by the county clerk in a book kept for that purpose.”

KRS 46.010(2) requires, “each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements.” KRS 46.010(3) requires, “all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires.” The oversight of financial reporting is a basic internal control necessary to ensure management is aware of all reporting requirements and ensures the fiscal court is complying with these requirements.

Recommendations

We recommend the fiscal court implement internal control procedures to ensure compliance with state regulations by requiring the county treasurer and the county judge executive to present all required financial reports and an annual settlement to the fiscal court.

Views of Responsible Official and Planned Corrective Action

*County Judge/Executive’s Response: The Fulton County Fiscal Court will ensure that all quarterly financial reports and the annual settlement are presented to and formally approved by the Fiscal Court in a timely manner. Procedures will be implemented to track and document approvals to ensure compliance going forward.*

**FULTON COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2025**

2025-003 The Fulton County Fiscal Court Failed To Implement Adequate Internal Controls Over Disbursements

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Condition and Context

This is a repeat finding and was included in the prior year audit report as finding 2024-004. The Fulton County Fiscal Court failed to implement proper internal controls procedures over disbursements. We tested 46 transactions totaling \$3,656,870, which resulted in the following issues:

- Thirty-seven disbursements totaling \$2,621,905 had a purchase order that was dated after the invoice date.
- Two disbursements totaling \$465,682 were paid prior to fiscal court approval.
- Ten disbursements totaling \$860,411 were not paid within 30 working days of the receipt of the invoice.
- The fiscal court does not issue purchase orders for payroll expenses.
- Encumbrances for fiscal year ending June 30, 2025, were not accurately reported on the fourth quarter financial statement.
- The fiscal court did not properly procure bids for food services or inmate uniforms at the detention center, which cost \$548,471 and \$91,174, respectively.
- The fiscal court purchased a van for the jail in the amount of \$48,860, four vehicles for the sheriff's office in the amount of \$220,064, and one vehicle for the EM director in the amount of \$53,537 utilizing a state price contract; however the fiscal court did not obtain quotes from three approved dealers.

Cause

The noncompliances and internal control issues noted above are the result of a weak control environment over the purchasing process. According to county personnel, the fiscal court was not aware that three quotes must be obtained when using a state price contract until after it had purchased the vehicles. Additionally, per county personnel, the jailer did not procure bids for food services but rather renewed his existing contract with the previous vendor.

Effect

Weak controls over disbursements increases the risk of misstatements of financial activity. Funds could be misused, or invoices could go unaccounted for, resulting in late fees being incurred. The issues noted above could result in line-items being over budget, claims being paid which are not valid obligations of the fiscal court, cash flows problems, and misappropriation of assets. Additionally, by not advertising for bids, the county may not have received the best price for goods or services and was in noncompliance with its own administrative code.

Criteria

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." Strong internal controls over disbursements, including a properly functioning purchase order system, are necessary to ensure the accuracy and reliability of financial reports.

**FULTON COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2025**

2025-003 The Fulton County Fiscal Court Failed To Implement Adequate Internal Controls Over Disbursements

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Criteria (Continued)

KRS 68.210 gives the state local finance officer the authority to prescribe a system of uniform accounts. The DLG manual states, “[p]urchase requests shall not be approved in an amount that exceeds the available line-item appropriation unless the necessary and appropriate transfers have been made.”

The DLG manual also prescribes that all counties have a purchase order system. Additionally, according to a memorandum from the 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.”

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

The Fulton County Fiscal Court’s administrative code states, “[a]ny expenditure or contract for materials, supplies (except perishable meat, fish, vegetables, breads and other food related products for the Fulton County Detention Center), equipment, or for contractual services other than professional, involving an expenditure of more than thirty thousand dollars (\$30,000) shall be subject to competitive bidding.”

KRS 45A.050 (3) requires the Finance and Administration Cabinet to include a provision in all state agency price contracts that “any political subdivision, including cities of all classes, counties, school districts, or special districts, may participate in these contracts to the same extent as the Commonwealth. Any political subdivision may purchase materials and supplies in accordance with a contract for supplies and materials entered into by the Finance and Administration Cabinet[.]” Per the “Extended Description” on page 1 of Master Agreement number MA-758-2300000802, “[i]t will be the responsibility of the agencies utilizing this Master Agreement to obtain quotes from a minimum of three (3) awarded dealers.”

Recommendations

We recommend the Fulton County Fiscal Court implement internal controls over disbursement and procurement processes to ensure purchase orders are issued prior to purchases being made. Additionally, we recommend that outstanding purchase orders be listed as encumbrances on the fourth quarter financial statement. Lastly, we recommend that proper procurement procedures be established to ensure compliance with state statutes and county policy.

Views of Responsible Official and Planned Corrective Action

*County Judge/Executive’s Response: The Fulton County Fiscal Court will implement improved internal controls over disbursements, including enhanced review and approval procedures. Supporting documentation will be required and maintained for all disbursements to ensure proper authorization and compliance.*

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

2025-004 The Fulton County Fiscal Court Failed To Prepare A Schedule Of Expenditures Of Federal Awards For The 2025 Fiscal Year

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Condition and Context

This is a repeat finding and was included in the prior year audit report as finding 2024-003. The fiscal court failed to prepare and submit a Schedule of Expenditures of Federal Awards (SEFA) for fiscal year 2025 to the DLG. During the fiscal year, the county expended \$1,459,525 in federal funds, which exceeded the threshold for a single audit.

Cause

The omission of the SEFA preparation was caused by the fiscal court's lack of oversight and failure to ensure a SEFA was submitted as required.

Effect

By not preparing a SEFA, the county could miss having a required Federal single audit performed. Additionally, the fiscal court's federal expenditures are not properly reported to DLG, which is the applicable regulatory oversight body.

Criteria

CFR 200.508 states the auditee must "(b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §200.510."

KRS 68.210 requires the state local finance officer to prescribe a uniform system of accounts that may include reporting requirements for all counties. The DLG manual requires the fiscal court to submit a Schedule of Expenditures Federal Awards to DLG with the fourth quarter financial report.

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." The oversight of financial reporting is a basic internal control necessary to ensure that the fiscal court is aware of and is complying with all reporting requirements.

Recommendations

We recommend the fiscal court prepare and submit a SEFA to the DLG along with the fourth quarter financial report. We also recommend the fiscal court implement procedures to ensure management is aware of all the reporting requirements.

Views of Responsible Official and Planned Corrective Action

*County Judge/Executive's Response: The Fulton County Fiscal Court will implement procedures to ensure that a complete and accurate Schedule of Expenditures of Federal Awards (SEFA) is prepared annually. All federal expenditures will be tracked throughout the year to ensure proper reporting.*

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

**FULTON COUNTY FISCAL COURT**

**For The Year Ended June 30, 2025**

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CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
COUNTY FISCAL COURT

For The Year Ended June 30, 2025

The Fulton County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



County Judge/Executive



County Treasurer