

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

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



**ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS
auditor.ky.gov**

**209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912**

CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
MONROE COUNTY OFFICIALS	5
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS.....	8
NOTES TO FINANCIAL STATEMENT.....	11
BUDGETARY COMPARISON SCHEDULES.....	25
NOTES TO REGULATORY SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULES.....	33
SCHEDULE OF CAPITAL ASSETS.....	37
NOTES TO OTHER INFORMATION - REGULATORY BASIS SCHEDULE OF CAPITAL ASSETS.....	38
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 <i>GOVERNMENT AUDITING STANDARDS</i>	41
SCHEDULE OF FINDINGS AND RESPONSES.....	45
APPENDIX A: CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM	

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

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

To the People of Kentucky
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Members of the Monroe 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 Monroe County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Supplementary Information

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

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

Other Information

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

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2026, on our consideration of the Monroe 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 Monroe 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 finding:

2025-001 The Monroe County Fiscal Court Lacks Proper Controls Over Disbursements

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

March 23, 2026

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

Mitchell Page	County Judge/Executive
Jamie Veach	Magistrate
Ronnie Page	Magistrate
Ricky Bartley	Magistrate
Nathan Fox	Magistrate
Mark Williams	Magistrate

Other Elected Officials:

Wesley Stephens	County Attorney
Billy Pickerell	Jailer
Brandi Kirkpatrick Birge	County Clerk
Kimbery Hagan	Circuit Court Clerk
Roger Dale Ford	Sheriff
Shawn Guffey	Property Valuation Administrator
Maxie Gentry	Coroner

Appointed Personnel:

Renea Crowe	County Treasurer
Brittany Wilborn Pennington	Finance Officer
Sheryl Conkin	Occupational Tax Administrator

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

For The Year Ended June 30, 2025

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

For The Year Ended June 30, 2025

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
RECEIPTS			
Taxes	\$ 2,643,274	\$	\$
In Lieu Tax Payments	64,461		
Excess Fees	153,006		
Licenses and Permits	18,601		
Intergovernmental	607,584	1,807,589	88,201
Miscellaneous	36,857	30,947	11,301
Interest	6,506	2,482	381
Total Receipts	<u>3,530,289</u>	<u>1,841,018</u>	<u>99,883</u>
DISBURSEMENTS			
General Government	1,251,481		
Protection to Persons and Property	131,908		615,249
General Health and Sanitation	95,310		
Social Services	20,756		
Recreation and Culture	1,285,695		
Transportation Facility and Services		200,000	
Roads		1,831,185	
Airports	18,886		
Debt Service			
Capital Projects	34,440		
Administration	1,081,582	166,743	17,726
Total Disbursements	<u>3,920,058</u>	<u>2,197,928</u>	<u>632,975</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(389,769)</u>	<u>(356,910)</u>	<u>(533,092)</u>
Other Adjustments to Cash (Uses)			
Financing Obligation Proceeds	685,000		
Premium on Financing Obligation Proceeds	15,000		
Transfers From Other Funds			550,000
Transfers To Other Funds	(559,877)		
Total Other Adjustments to Cash (Uses)	<u>140,123</u>		<u>550,000</u>
Net Change in Fund Balance	(249,646)	(356,910)	16,908
Fund Balance - Beginning (Restated)	<u>2,527,516</u>	<u>714,050</u>	<u>89,966</u>
Fund Balance - Ending	<u>\$ 2,277,870</u>	<u>\$ 357,140</u>	<u>\$ 106,874</u>
Composition of Fund Balance			
Bank Balance	\$ 2,295,242	\$ 384,530	\$ 139,488
Less: Outstanding Checks	(17,372)	(27,390)	(32,614)
Fund Balance - Ending	<u>\$ 2,277,870</u>	<u>\$ 357,140</u>	<u>\$ 106,874</u>

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

MONROE 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>Local Government Economic Assistance Fund</u>	<u>Health Reimbursement Account Fund</u>	<u>County Clerk Storage Fee Fund</u>	<u>Opioid Settlement Fund</u>	<u>American Rescue Plan Act Fund</u>	<u>Public Properties Corporation Fund</u>	<u>Total Funds</u>
\$	\$	\$	\$	\$	\$	\$ 2,643,274
						64,461
						153,006
						18,601
38,587					738,075	3,280,036
		18,420	78,101		1,170	176,796
90		91	307	1,461	2,130	13,448
<u>38,677</u>		<u>18,511</u>	<u>78,408</u>	<u>1,461</u>	<u>741,375</u>	<u>6,349,622</u>
5,000		6,965				1,263,446
70,847						818,004
						95,310
						20,756
						1,285,695
						200,000
						1,831,185
3,000						21,886
					738,075	738,075
						34,440
	11,201		10,000	899,654		2,186,906
<u>78,847</u>	<u>11,201</u>	<u>6,965</u>	<u>10,000</u>	<u>899,654</u>	<u>738,075</u>	<u>8,495,703</u>
(40,170)	(11,201)	11,546	68,408	(898,193)	3,300	(2,146,081)
						685,000
						15,000
	9,877					559,877
						(559,877)
	<u>9,877</u>					<u>700,000</u>
(40,170)	(1,324)	11,546	68,408	(898,193)	3,300	(1,446,081)
55,250	3,623	10,801	275,743	971,673	15,089	4,663,711
<u>\$ 15,080</u>	<u>\$ 2,299</u>	<u>\$ 22,347</u>	<u>\$ 344,151</u>	<u>\$ 73,480</u>	<u>\$ 18,389</u>	<u>\$ 3,217,630</u>
\$ 18,615	\$ 2,299	\$ 24,847	\$ 344,151	\$ 73,480	\$ 18,389	\$ 3,301,041
(3,535)		(2,500)				(83,411)
<u>\$ 15,080</u>	<u>\$ 2,299</u>	<u>\$ 22,347</u>	<u>\$ 344,151</u>	<u>\$ 73,480</u>	<u>\$ 18,389</u>	<u>\$ 3,217,630</u>

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

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENT**

NOTE 1.	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	11
NOTE 2.	DEPOSITS	14
NOTE 3.	TRANSFERS	15
NOTE 4.	COMMITMENTS – LEASE	15
NOTE 5.	LONG-TERM DEBT	16
NOTE 6.	EMPLOYEE RETIREMENT SYSTEM	18
NOTE 7.	HEALTH REIMBURSEMENT ACCOUNT/FLEXIBLE SPENDING ACCOUNT	21
NOTE 8.	INSURANCE	21
NOTE 9.	SUBSEQUENT EVENT – LAND PURCHASE FOR ROAD DEPARTMENT	21
NOTE 10.	RELATED PARTY TRANSACTIONS	22
NOTE 11.	PRIOR PERIOD ADJUSTMENT	22

**MONROE COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2025

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

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

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

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

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

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

MONROE 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)

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

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

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.

Community Development Block Grant Fund - The primary purpose of this fund is to account for Community Development Block Grant proceeds and expenditures. During the year there was no activity, and the fund has a \$0 balance.

Health Reimbursement Account Fund - The primary purpose of this fund is to account for health benefits for eligible employees. The source of receipts is \$500 per eligible employee, and expenditures are automatically debited by the health insurance company.

County Clerk Storage Fee Fund - The primary purpose of this fund is to account for storage fees collected by the county clerk and disbursements related to permanent storage for the county clerk's office. These funds are required to be held and budgeted by the county treasurer for the use of the county clerk.

Opioid Settlement Fund - The primary purpose of this fund is to account for receipts and disbursements associated with the funds received from the state's settlement with three major pharmaceutical distributors in the United States.

American Rescue Plan Act Fund - The primary purpose of this fund is to account for receipt and disbursement of these federal funds. The primary source of this fund is federal money for the coronavirus recovery fund.

Unbudgeted Funds

The fiscal court reports the following unbudgeted fund:

Public Properties Corporation Fund - The primary purpose of this fund is to account for the proceeds and debt service of revenue bonds that were issued to fund construction of public buildings.

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

Note 1. Summary of Significant Accounting Policies (Continued)

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 Public Properties Corporation Fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

E. Monroe County Elected Officials

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

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

F. Deposits and Investments

The government's fund balance is considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition. The government's fund balance includes cash and cash equivalents and investments.

KRS 66.480 authorizes the county to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

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

Note 1. Summary of Significant Accounting Policies (Continued)

G. Long-term Obligations

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

H. Related Organizations and Joint Ventures

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board.

The Monroe County Fiscal Court appoints board members and commissioners to the Monroe County Ambulance Service District, Monroe County Water District, Fountain Run Water District, and Industrial Development Board, thus making them related organizations.

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. The Monroe County Fiscal Court entered an interlocal agreement with City of Tompkinsville for operation of Monroe County/Tompkinsville Airport Board. Joint control and financial interest/responsibility exists between entities within each of this agreement, thus creating a joint venture.

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.

MONROE 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	Total Transfers In
Jail Fund	\$ 550,000	\$ 550,000
Health Reimbursement Account Fund	9,877	9,877
Total Transfers Out	<u>\$ 559,877</u>	<u>\$ 559,877</u>

Reason for transfers:

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

Note 4. Commitments – Leases

A. Leases – Lessor

The Monroe 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
Office Space Rental Administrative Office	1/3/2025	24 months	Monthly	1/2/2027	\$1,500	\$27,000
of the Courts	11/17/2016	12 years	Semi-annual	9/1/2028	\$738,075 ¹	\$2,949,800

¹The amount of payments listed is the value of principal plus interest payments received this fiscal year. Future payment amounts will vary based on the debt schedule for first mortgage refunding revenue bonds, series 2016 at Note 5.B.

B. Leases – Lessee

The Monroe 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
Sheriff Car	10/17/2024	36 months	Annually	10/17/2027	\$11,395	\$22,789

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

Note 5. Long-term Debt

A. Direct Borrowings and Direct

1. Finance Obligation – Property For Community Park

On August 20, 2020, the Monroe County Fiscal Court entered into a lease agreement with KACoLT in the amount of \$425,000. The funds were used on August 26, 2020, to make payment on a short term unsecured promissory note with a local financial institution. The original promissory note which was which was later repaid in full, was used to purchase property for a community park. Interest is paid annually at a rate of 1.71%. Principal and interest payments are due on December 20 and June 20 each year until December 20, 2035. The agreement is secured by the property on Columbia Avenue. In the event of default, the property will be repossessed by KACoLT. The outstanding principal balance as of June 30, 2025, was \$325,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2026	\$ 25,000	\$ 8,377
2027	25,000	7,315
2028	30,000	6,152
2029	30,000	5,327
2030	30,000	4,914
2031-2035	150,000	16,397
2036	35,000	1,089
Totals	<u>\$ 325,000</u>	<u>\$ 49,571</u>

2. Finance Obligation – Soccer Field Project

On December 19, 2024, the Monroe County Fiscal Court entered into an agreement with the Kentucky Association Counties Leasing Trust Program (KACoLT) in the amount of \$685,000. The funds were used toward the costs of the acquisition, construction, installation, and equipping of new athletic fields, including, without limitations, soccer fields. Interest is paid annually at a rate of 3.65%. Principal and interest payments are due December 20 and June 20 each year until December 20, 2039. In the event of default, the property will be repossessed by KACoLT. The outstanding principal balance as of June 30, 2025, was \$685,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2026	\$ 30,000	\$ 33,840
2027	35,000	31,747
2028	35,000	29,857
2029	35,000	27,967
2030	40,000	25,952
2031-2035	230,000	95,720
2036-2040	280,000	37,489
Totals	<u>\$ 685,000</u>	<u>\$ 282,572</u>

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

Note 5. Long-term Debt (Continued)

B. Other Debt

First Mortgage Refunding Revenue Bonds, Series 2016

On November 17, 2016, the Monroe County Public Properties Corporation issued \$4,760,000 of first mortgage refunding revenue bonds to advance refund a portion to the series 2009 bonds, which were originally issued for the construction of the judicial center. Principal payments are due annually on November 1, with final payment being due November 1, 2028. Interest is payable semi-annually on May 1 and November 1 of each year at interest rate of 3%. Bonds maturing on or after November 1, 2027, are subject to redemption, in whole or in part, by the corporation prior to their state maturities, at any time on or after November 1, 2026, upon payment of 100% of the principal amount to be redeemed plus accrued interest to the date of redemption. A mortgage has been issued secured by the judicial center. In the event of default, the judicial center will be repossessed by the financial institution. The corporation has entered into an agreement to lease the Monroe County Judicial Center to the Administrative Office of the Courts, Commonwealth of Kentucky, for the amount of the bond payments. The bonds outstanding on June 30, 2025, totaled \$2,780,000.

Fiscal Year Ending June 30	Principal	Scheduled Interest
2026	\$ 665,000	\$ 73,425
2027	685,000	53,175
2028	705,000	32,325
2029	725,000	10,875
Totals	<u>\$ 2,780,000</u>	<u>\$ 169,800</u>

C. Changes In Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 350,000	\$ 685,000	\$ 25,000	\$ 1,010,000	\$ 55,000
Revenue Bonds	3,425,000		645,000	2,780,000	665,000
Total Long-term Debt	<u>\$ 3,775,000</u>	<u>\$ 685,000</u>	<u>\$ 670,000</u>	<u>\$ 3,790,000</u>	<u>\$ 720,000</u>

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

Note 5. Long-term Debt (Continued)

D. Aggregate Debt Schedule

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

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2026	\$ 665,000	\$ 73,425	\$ 55,000	\$ 42,217
2027	685,000	53,175	60,000	39,062
2028	705,000	32,325	65,000	36,009
2029	725,000	10,875	65,000	33,294
2030			70,000	30,866
2031-2035			380,000	112,117
2036-2040			315,000	38,578
Totals	<u>\$ 2,780,000</u>	<u>\$ 169,800</u>	<u>\$ 1,010,000</u>	<u>\$ 332,143</u>

Note 6. Employee Retirement System

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

The county's contribution for FY 2023 was \$290,260, FY 2024 was \$301,943, and FY 2025 was \$318,283.

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.

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

Note 6. Employee Retirement System (Continued)

Nonhazardous (Continued)

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

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

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

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

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

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

Note 6. 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.

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

Note 6. Employee Retirement System (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 7. Health Reimbursement Account/Flexible Spending Account

The Monroe County Fiscal Court, in Fiscal Court Order No. 12, established a health reimbursement account on June 30, 2021, to provide employees an additional health benefit. The county provides each eligible employee with \$500 plan during the year to be used on health insurance claims. The health insurance company will automatically deduct from the bank account for employee's health care claims up to \$500 per year. This money is not rolled over and funds not used are forfeited. At the beginning of each fiscal year, the fiscal court will replenish the fund in accordance with the number of eligible employees. As of June 30, 2025, the account balance was \$2,299.

Note 8. Insurance

For the fiscal year ended June 30, 2025, the Monroe County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 9. Subsequent Event – Land Purchase For Road Department

On May 16, 2025, the Monroe County Fiscal Court entered into an agreement to purchase real estate for \$1,500,000 for the road department. A down payment of \$200,000 was due upon execution of this contract. On March 11, 2026, the fiscal court entered a promissory note with the seller for remaining \$1,300,000 for a period of ten years at 3.5%, payable yearly on or before June 1 each year. Upon final payment the sellers promise to execute a general warranty deed on said property. The first payment is due on June 1, 2026 and the final payment is due on June 1, 2035.

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

Note 10. Related Party Transactions

The Monroe County Fiscal Court conducted business with a local vendor owned by the sister-in-law of the county judge executive for payroll services. In addition, the fiscal court purchased a vehicle from a local vendor owned by the county treasurer's husband. For fiscal year end June 30, 2025, the fiscal court expended \$15,600 and \$10,000, respectively, from the General Fund for these services and purchase.

Note 11. Prior Period Adjustment

The beginning balance for the Jail Fund was \$89,938 as of July 1, 2024. It has been restated due to a prior year outstanding check voided in the amount of \$28. As a result, the restated balance is \$89,966.

MONROE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2025

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MONROE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2025

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 1,898,900	\$ 1,898,900	\$ 2,643,274	\$ 744,374
In Lieu Tax Payments	50,000	50,000	64,461	14,461
Excess Fees	100,000	100,000	153,006	53,006
Licenses and Permits	18,000	18,000	18,601	601
Intergovernmental	418,250	513,797	607,584	93,787
Miscellaneous	15,000	15,000	36,857	21,857
Interest	3,000	3,000	6,506	3,506
Total Receipts	<u>2,503,150</u>	<u>2,598,697</u>	<u>3,530,289</u>	<u>931,592</u>
DISBURSEMENTS				
General Government	1,126,868	1,274,569	1,251,481	23,088
Protection to Persons and Property	83,680	170,013	131,908	38,105
General Health and Sanitation	87,680	98,857	95,310	3,547
Social Services	16,000	22,853	20,756	2,097
Recreation and Culture	16,300	1,447,526	1,285,695	161,831
Airports		18,886	18,886	
Capital Projects	34,440	34,440	34,440	
Administration	1,138,182	1,111,553	1,081,582	29,971
Total Disbursements	<u>2,503,150</u>	<u>4,178,697</u>	<u>3,920,058</u>	<u>258,639</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(1,580,000)</u>	<u>(389,769)</u>	<u>1,190,231</u>
Other Adjustments to Cash (Uses)				
General Obligation Lease Proceeds		700,000	685,000	(15,000)
Premium on General Obligation Lease			15,000	15,000
Transfers To Other Funds	(631,350)	(631,350)	(559,877)	71,473
Total Other Adjustments to Cash (Uses)	<u>(631,350)</u>	<u>68,650</u>	<u>140,123</u>	<u>71,473</u>
Net Change in Fund Balance	(631,350)	(1,511,350)	(249,646)	1,261,704
Fund Balance - Beginning	<u>631,350</u>	<u>1,511,350</u>	<u>2,527,516</u>	<u>1,016,166</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,277,870</u>	<u>\$ 2,277,870</u>

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

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 1,558,615	\$ 1,675,615	\$ 1,807,589	\$ 131,974
Miscellaneous	30,000	30,000	30,947	947
Interest	1,000	1,000	2,482	1,482
Total Receipts	<u>1,589,615</u>	<u>1,706,615</u>	<u>1,841,018</u>	<u>134,403</u>
DISBURSEMENTS				
Transportation Facilities and Services		200,000	200,000	
Roads	1,588,215	1,865,215	1,831,185	34,030
Administration	201,400	191,400	166,743	24,657
Total Disbursements	<u>1,789,615</u>	<u>2,256,615</u>	<u>2,197,928</u>	<u>58,687</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(200,000)</u>	<u>(550,000)</u>	<u>(356,910)</u>	<u>193,090</u>
Net Change in Fund Balance	(200,000)	(550,000)	(356,910)	193,090
Fund Balance - Beginning	<u>200,000</u>	<u>550,000</u>	<u>714,050</u>	<u>164,050</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 357,140</u>	<u>\$ 357,140</u>

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

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 79,800	\$ 79,800	\$ 88,201	\$ 8,401
Miscellaneous	5,500	5,500	11,301	5,801
Interest			381	381
Total Receipts	<u>85,300</u>	<u>85,300</u>	<u>99,883</u>	<u>14,583</u>
DISBURSEMENTS				
Protection to Persons and Property	680,400	684,702	615,249	69,453
Administration	22,250	17,948	17,726	222
Total Disbursements	<u>702,650</u>	<u>702,650</u>	<u>632,975</u>	<u>69,675</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(617,350)</u>	<u>(617,350)</u>	<u>(533,092)</u>	<u>84,258</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	617,350	617,350	550,000	(67,350)
Total Other Adjustments to Cash (Uses)	<u>617,350</u>	<u>617,350</u>	<u>550,000</u>	<u>(67,350)</u>
Net Change in Fund Balance			16,908	16,908
Fund Balance - Beginning			<u>89,966</u>	<u>89,966</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 106,874</u>	<u>\$ 106,874</u>

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

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 50,000	\$ 50,000	\$ 38,587	\$ (11,413)
Interest			90	90
Total Receipts	50,000	50,000	38,677	(11,323)
DISBURSEMENTS				
General Government	5,000	5,000	5,000	
Protection to Persons and Property	46,000	71,000	70,847	153
Airports	3,000	3,000	3,000	
Total Disbursements	54,000	79,000	78,847	153
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(4,000)	(29,000)	(40,170)	(11,170)
Net Change in Fund Balance	(4,000)	(29,000)	(40,170)	(11,170)
Fund Balance - Beginning	4,000	29,000	55,250	26,250
Fund Balance - Ending	\$ 0	\$ 0	\$ 15,080	\$ 15,080

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

HEALTH REIMBURSEMENT ACCOUNT FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Total Receipts	\$	\$	\$	\$
DISBURSEMENTS				
Administration	14,000	14,000	11,201	2,799
Total Disbursements	14,000	14,000	11,201	2,799
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(14,000)	(14,000)	(11,201)	2,799
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	14,000	14,000	9,877	(4,123)
Total Other Adjustments to Cash (Uses)	14,000	14,000	9,877	(4,123)
Net Change in Fund Balance			(1,324)	(1,324)
Fund Balance - Beginning			3,623	3,623
Fund Balance - Ending	\$ 0	\$ 0	\$ 2,299	\$ 2,299

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

	COUNTY CLERK STORAGE FEE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 20,000	\$ 20,000	\$ 18,420	\$ (1,580)
Interest			91	91
Total Receipts	<u>20,000</u>	<u>20,000</u>	<u>18,511</u>	<u>(1,489)</u>
DISBURSEMENTS				
General Government	20,000	20,000	6,965	13,035
Total Disbursements	<u>20,000</u>	<u>20,000</u>	<u>6,965</u>	<u>13,035</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>11,546</u>	<u>11,546</u>
Net Change in Fund Balance			11,546	11,546
Fund Balance - Beginning			<u>10,801</u>	<u>10,801</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 22,347</u>	<u>\$ 22,347</u>

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

OPIOID SETTLEMENT FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$	\$ 200,000	\$ 78,101	\$ (121,899)
Interest			307	307
Total Receipts		200,000	78,408	(121,592)
DISBURSEMENTS				
Administration		475,743	10,000	465,743
Total Disbursements		475,743	10,000	465,743
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(275,743)	68,408	344,151
Net Change in Fund Balance		(275,743)	68,408	344,151
Fund Balance - Beginning		275,743	275,743	
Fund Balance - Ending	\$	0	\$ 344,151	\$ 344,151

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

AMERICAN RESCUE PLAN ACT FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$ 1,000	\$ 1,000	\$ 1,461	\$ 461
Total Receipts	<u>1,000</u>	<u>1,000</u>	<u>1,461</u>	<u>461</u>
DISBURSEMENTS				
Administration	975,000	975,000	899,654	75,346
Total Disbursements	<u>975,000</u>	<u>975,000</u>	<u>899,654</u>	<u>75,346</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(974,000)</u>	<u>(974,000)</u>	<u>(898,193)</u>	<u>75,807</u>
Net Change in Fund Balance	(974,000)	(974,000)	(898,193)	75,807
Fund Balance - Beginning	<u>974,000</u>	<u>974,000</u>	<u>971,673</u>	<u>(2,327)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 73,480</u>	<u>\$ 73,480</u>

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

For The Year Ended June 30, 2025

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MONROE COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2025

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance (Restated*)	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 862,900	\$	\$	\$ 862,900
Buildings and Building Improvements	13,150,302	1,151,530	84,000	14,217,832
Equipment	1,506,483	310,886		1,817,369
Vehicles	618,700	267,740		886,440
Infrastructure	18,188,674	862,163		19,050,837
 Total Capital Assets	 <u>\$ 34,327,059</u>	 <u>\$ 2,592,319</u>	 <u>\$ 84,000</u>	 <u>\$ 36,835,378</u>

MONROE 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	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Equipment	\$ 2,500	3-25
Vehicles	\$ 2,500	3-25
Infrastructure	\$ 20,000	10-50

Note 2. Restatement of Capital Assets Beginning Balance

The county updated the beginning balance to correct amounts as reflected in the current year schedule for the following categories.

	<u>Equipment</u>	<u>Vehicles</u>
Beginning Balance Per Prior Year	\$ 1,688,617	\$ 828,312
Less: Items Disposed or Sold in Previous Years	(183,079)	(262,512)
Add: Items Omitted In Previous Years	945	52,900
Beginning Balance - Restated	<u>\$ 1,506,483</u>	<u>\$ 618,700</u>

**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 Mitchell Page, Monroe County Judge/Executive
Members of the Monroe 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 Monroe County Fiscal Court for the fiscal year ended June 30, 2025, and the related notes to the financial statement which collectively comprise the Monroe County Fiscal Court's financial statement and have issued our report thereon dated March 23, 2026.

Report on Internal Control Over Financial Reporting

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

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

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



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

Report on Compliance And Other Matters

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

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 23, 2026

**MONROE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2025

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**MONROE COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2025

2025-001 The Monroe County Fiscal Court Lacks Proper Controls Over Disbursements

Condition and Context

The Monroe County Fiscal Court had internal control deficiencies and noncompliances regarding disbursements. Auditors tested 54 regular disbursements and 7 credit card transactions with the following issues noted:

- Five disbursements totaling \$365,369 to two vendors were not properly advertised for bid.
- One disbursement in the amount of \$8,920 was paid to a vendor for work performed outside the scope of the approved bid contract.
- Four disbursements totaling \$207,013 were not presented to the fiscal court for approval prior to payment.
- Three disbursements totaling \$200,173 did not have a purchase order issued.
- Two disbursements totaling \$154,000 had purchase orders dated after the invoice date.
- One purchase order did not include an authorized amount.
- One disbursement of \$706 exceeded the available line-item budget.
- Three credit card transactions incurred sales tax totaling \$48.

Cause

The fiscal court failed to establish appropriate internal controls over disbursements and has failed to follow laws and regulations concerning bid requirements.

Effect

The fiscal court's failure to establish effective internal controls over disbursements resulted in numerous instances of noncompliance described above. These control deficiencies could also result in claims being paid which are not valid obligations of the fiscal court, inaccurate reporting, and misappropriation of assets. The lack of controls also caused the fiscal court to over spend one budget line-item. By paying sales tax and not ensuring all disbursements are approved by the fiscal court prior to payment, the county could have paid for unnecessary charges and reduced the amount of funds available to spend on county services.

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." An oversight and review process, and a properly working purchase order system are basic internal controls necessary to ensure the accuracy and reliability of financial reports. These controls ensure purchase orders are created when sufficient funds are available, disbursements are properly approved and supported, and sales tax is not paid.

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The uniform system of accounts is set forth in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual*, which requires a purchase order system for all counties and each fiscal court is responsible for ensuring their purchase order system is executed and working properly. According to a memorandum from the Department for Local Government (DLG) dated August 4, 2016, "[t]he main purpose of this system is to ensure that purchases can be made if there are sufficient appropriations available within the amount of line items in the county's budget. Because of this, it is a requirement by the State Local Finance Officer that all counties have a purchase order system and follow the guidelines prescribed on Page 54 of the *County Budget Preparation and State Local Finance Officer Policy Manual*."

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

2025-001 The Monroe County Fiscal Court Lacks Proper Controls Over Disbursements (Continued)

Criteria (Continued)

The manual further states, “[p]urchases shall not be made without approval by the judge/executive (or designee), and/or a department head” and “[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.”

KRS 68.275(2) requires the county judge/executive’s office to prepare claims lists for presentation to fiscal court.

KRS 424.260(1) states, “[e]xcept where a statute specifically fixes a larger sum as the minimum for a requirement of advertisement for bids, no city, county, or district, or board or commission of a city or county, or sheriff or county clerk, may make a contract, lease, or other agreement for: (a) Materials; (b) Supplies, except perishable foods such as meat, poultry, fish, egg products, fresh vegetables, and fresh fruits; (c) Equipment; or (d) Contractual services other than professional; involving an expenditure of more than forty thousand dollars (\$40,000) without first making newspaper advertisement for bids.”

Recommendations

We recommend the fiscal court improve procedures over disbursements to ensure the proper handling of disbursements. We also recommend the fiscal court ensure all invoices are properly reviewed to ensure the disbursement is allowable and recorded properly, bid requirements are followed, and approval for all claims is documented before any check is written.

Views of Responsible Official and Planned Corrective Action

County Judge/Executive’s Response: The official did not provide a response.

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

MONROE COUNTY FISCAL COURT

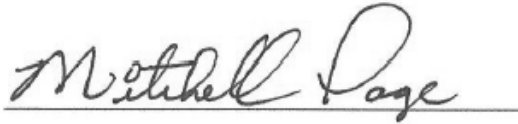
For The Year Ended June 30, 2025

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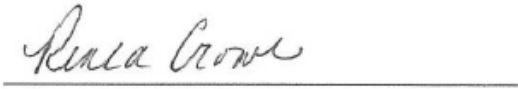
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
COUNTY FISCAL COURT

For The Year Ended June 30, 2025

The Monroe 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