REPORT OF THE AUDIT OF THE MONTGOMERY COUNTY FISCAL COURT

For The Year Ended
June 30, 2025

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Montgomery 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 Montgomery 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 June 15, 2026, on our consideration of the Montgomery 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 Montgomery 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 Montgomery County Fiscal Court's Fourth Quarter Financial Report Was Materially Misstated
2025-002 The Montgomery County Detention Center's Receipts Are Not Batched Or Deposited Daily

Respectfully submitted,

Allison Ball
Auditor of Public Accounts
Frankfort, Ky

June 15, 2026

MONTGOMERY COUNTY OFFICIALS

For The Year Ended June 30, 2025

Fiscal Court Members:

Chris Haddix	County Judge/Executive
William Daniel Carmichael	Commissioner
Ralph Charles	Commissioner
Shayne Parker	Commissioner

Other Elected Officials:

Keith Craycraft	County Attorney
Timothy Ian Roberts	Former Jailer
Christy Green	Interim Jailer
Chris Cockrell	County Clerk
Tanya Terry	Circuit Court Clerk
David Charles	Sheriff
Eric Todd Davis	Former Property Valuation Administrator
Steven Tuttle	Property Valuation Administrator
Jimmy Adams	Coroner

Appointed Personnel:

Amanda Duff	County Treasurer
Barb Burden	Finance Officer

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

For The Year Ended June 30, 2025

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

For The Year Ended June 30, 2025

	Budgeted Funds		
	General Fund	Road Fund	Jail Fund
RECEIPTS			
Taxes	$ 14,792,932	$	$
Excess Fees	187,342		
Licenses and Permits	116,104		
Intergovernmental	360,493	1,480,823	1,080,115
Charges for Services	4,190		74,556
Miscellaneous	215,408	40,884	279,794
Interest	1,182,305		
Total Receipts	16,858,774	1,521,707	1,434,465
DISBURSEMENTS			
General Government	2,715,054		
Protection to Persons and Property	364,948		2,623,638
General Health and Sanitation	384,009		
Social Services	32,133		
Recreation and Culture			
Transportation Facility and Services		1,558	
Roads		1,643,414	
Airports	25,000		
Debt Service	124,235		
Capital Projects			
Administration	5,847,888	372,827	800,390
Total Disbursements	9,493,267	2,017,799	3,424,028
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	7,365,507	(496,092)	(1,989,563)
Other Adjustments to Cash (Uses)			
Transfers From Other Funds	425,302	1,000,000	1,998,029
Transfers To Other Funds	(3,028,029)		
Total Other Adjustments to Cash (Uses)	(2,602,727)	1,000,000	1,998,029
Net Change in Fund Balance	4,762,780	503,908	8,466
Fund Balance - Beginning	19,570,915	120,043	547,037
Fund Balance - Ending	$ 24,333,695	$ 623,951	$ 555,503
Composition of Fund Balance			
Bank Balance	$ 24,213,719	$ 623,951	$ 555,503
Plus: Deposits In Transit	124,907		
Less: Outstanding Checks	(4,931)		
Fund Balance - Ending	$ 24,333,695	$ 623,951	$ 555,503

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

Budgeted Funds						
Local Government Economic Assistance Fund	Juvenile Justice Fund	Health/ CI Fund	Senior Citizens Fund	County Clerk Permanent Storage Fund	Drug Forfeiture Fund	American Rescue Plan Act Fund
$	$	$	$	$	$	$
51,966		103,662				
		10,193				
		203,646		46,170		
				5,634		166,226
51,966		317,501		51,804		166,226
				530		
	29,115					
		265,811				
						1,060,997
34,083						325,000
						458,387
		20,739				2,865
34,083	29,115	286,550		530		1,847,249
17,883	(29,115)	30,951		51,274		(1,681,023)
	30,000					
						(425,302)
	30,000					(425,302)
17,883	885	30,951		51,274		(2,106,325)
24,387	9,800	211,421		90,481	427	4,252,937
$ 42,270	$ 10,685	$ 242,372	$ 0	$ 141,755	$ 427	$ 2,146,612
$ 42,270	$ 10,685	$ 242,372	$	$ 141,755	$ 427	$ 2,559,706
						(413,094)
$ 42,270	$ 10,685	$ 242,372	$ 0	$ 141,755	$ 427	$ 2,146,612

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

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

	Budgeted Funds		Unbudgeted Fund	
	Finneran Fund	Opioid Settlement Fund	Jail Commissary Fund	Total Funds
RECEIPTS				
Taxes	$	$	$	$ 14,792,932
Excess Fees				187,342
Licenses and Permits				116,104
Intergovernmental				3,077,059
Charges for Services				88,939
Miscellaneous	265,587	164,600	227,729	1,443,818
Interest				1,354,165
Total Receipts	265,587	164,600	227,729	21,060,359
DISBURSEMENTS				
General Government	295			2,715,879
Protection to Persons and Property				3,017,701
General Health and Sanitation				649,820
Social Services				1,093,130
Recreation and Culture			231,144	231,144
Transportation Facility and Services				1,558
Roads				2,002,497
Airports				25,000
Debt Service				124,235
Capital Projects				458,387
Administration				7,044,709
Total Disbursements	295		231,144	17,364,060
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	265,292	164,600	(3,415)	3,696,299
Other Adjustments to Cash (Uses)				
Transfers From Other Funds				3,453,331
Transfers To Other Funds				(3,453,331)
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance	265,292	164,600	(3,415)	3,696,299
Fund Balance - Beginning	112,175	534,075	110,704	25,584,402
Fund Balance - Ending	$ 377,467	$ 698,675	$ 107,289	$ 29,280,701
Composition of Fund Balance				
Bank Balance	$ 377,467	$ 698,675	$ 107,504	$ 29,574,034
Plus: Deposits In Transit				124,907
Less: Outstanding Checks			(215)	(418,240)
Fund Balance - Ending	$ 377,467	$ 698,675	$ 107,289	$ 29,280,701

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

INDEX FOR NOTES
TO THE FINANCIAL STATEMENT

MONTGOMERY COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2025

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

MONTGOMERY 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.

Juvenile Justice Fund - The primary purpose of this fund is to account for juvenile justice revenues and expenses of the county.

Health/CI Fund - The primary purpose of this fund is to account for maintenance of the health and civic center of the county. The primary source of receipts for this fund is rent from outside agencies.

Senior Citizens Fund - The primary purpose of this fund is to account for Community Development Block Grant (CDBG) proceeds and related expenditures for the senior center.

County Clerk Permanent Storage Fund - The primary purpose of this fund is to account for receipts and disbursements related to the county clerk's permanent storage of county records. The funds are used for the maintenance of records and for the facilities used to store those funds.

Drug Forfeiture Fund - The primary purpose of this fund is to account for receipts and disbursements associated with assets forfeited to the county as a result of drug investigations or arrests.

American Resue Plan Act (ARPA) Fund - The primary purpose of this fund is to account for ARPA grants and related disbursements. The primary source of receipts for this fund is federal grants.

Finneran Fund - The primary purpose of this fund is for the construction and maintenance of a new senior citizens building and to benefit the senior citizens of the county. The primary source of receipt for this fund was the sale of the Finneran house which had been donated to the county and used as the senior citizens building. In the prior years, this fund was reported as a Private Purpose Fund.

Opioid Settlement Fund - The primary purpose of this fund is to account for revenues received as a result of the opioid settlement related to oxycontin. Funds received under this settlement are to be used in efforts to reduce the illicit use of opioids.

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.

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

E. Montgomery County Elected Officials

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

MONTGOMERY 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.

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.

Note 3. Transfers

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

	General Fund	ARPA Fund	Total Transfers In
General Fund	$	$ 425,302	$ 425,302
Road Fund	1,000,000		1,000,000
Jail Fund	1,998,029		1,998,029
Juvenile Fund	30,000		30,000
Total Transfers Out	$ 3,028,029	$ 425,302	$ 3,453,331

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.

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

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 fund:

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 $21,759.

Note 5. Leases

A. Leases – Lessor

The Montgomery 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
PR-4781, Unified Prosecutorial System	7/1/2024	1 Year	Quarterly	6/30/2025	$ 9,575	$ 0
PR-2829, Cabinet for Family Services	7/1/2024	1 Year	Quarterly	6/30/2025	$ 38,961	$ 0
PR-2354, Probation and Parole	7/1/2024	1 Year	Quarterly	6/30/2025	$ 7,828	$ 0
Pr-5549, Department of Juvenile Justice	7/1/2024	1 Year	Quarterly	6/30/2025	$ 11,951	$ 0
Montgomery County Attorney	7/1/2024	1 Year	Quarterly	6/30/2025	$ 1,100	$ 0
Health Department	7/1/2024	1 Year	Quarterly	6/30/2025	$ 25,916	$ 0
Gateway ADD Seniors	7/1/2024	1 Year	Monthly	6/30/2025	$ 500	$ 500
Ky Career Center Buffalo Trace Add	4/1/2023	2 Years	Quarterly	4/1/2025	$ 446	$ 0
Specialty Courts	7/1/2024	2 Years	Quarterly	7/1/2026	$ 2,346	$ 9,531
CDW Office AOC	7/1/2024	2 Years	Quarterly	7/1/2026	$ 1,924	$ 7,695
CDW Office AOC	7/1/2024	2 Years	Quarterly	7/1/2026	$ 4,104	$ 16,415
Lyne Lundergan	8/20/2024	1 Year	Annually	8/20/2025	$ 1,108	$ 0

B. Leases – Lessee

The Montgomery 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
Copier Annex	2/1/2023	5 Years	Monthly	2/1/2028	$ 347	$ 10,763
Postage Machine Annex	9/22/2023	5 Years	Quarterly	9/22/2028	$ 532	$ 4,789
Postage Machine County Clerk	4/16/2020	5 Years	Quarterly	4/16/2025	$ 717	$ 0
Copier Jail	4/22/2024	5 Years	Monthly	4/22/2029	$ 361	$ 16,226
Copier County Clerk	2/28/2019	5 Years	Monthly	2/28/2024	$ 206	$ 0

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

Note 6. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Financing Obligation – Parks and Recreation Vehicle

The county entered into a lease agreement on November 20, 2020, in the amount of $29,747 for the purchase of a vehicle for the Montgomery County Parks and Recreation to be paid in full in November 2024. The lease requires monthly principal and interest payments commencing in November 2020. This debt is paid by Montgomery County Parks and Recreation and in the event of default, the property may be forfeited. As of June 30, 2025, the principal outstanding was $0.

2. Financing Obligation – Parks and Recreation Equipment

The county entered into a lease agreement on November 5, 2022, in the amount of $38,473 for the purchase of mowers for the Montgomery County Parks and Recreation to be paid in full in November 2025. The lease requires monthly principal and interest payments commencing in February 20, 2023. This debt is paid by Montgomery County Parks and Recreation and in the event of default, the property may be forfeited. As of June 30, 2025, the principal outstanding was $6,807. Lease payments for the remaining years are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
July 18, 1905	$ 6,807	$ 125
Totals	$ 6,807	$ 125

3. Financing Obligation – Sheriff's Vehicles

On March 5, 2024, the Montgomery County Fiscal Court entered into a lease purchase agreement with Magnolia Bank for the purchase of two sheriff vehicles in the amount of $106,182 with a 5.99% interest rate. The agreement calls for 36 monthly payments of principal and interest in the amount of $2,057.08 with the remaining principal balance of $51,840 due upon completion of the lease payments. In the event of default, the amount remaining due per the amortization schedule may become immediately due or the lessor may retake possession of the vehicles. As of June 30, 2025, the remaining amount due on the lease is $0.

B. Changes In Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	$ 125,689	$	$ 118,882	$ 6,807	$ 6,807
Total Long-term Debt	$ 125,689	$ 0	$ 118,882	$ 6,807	$ 6,807

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

Note 6. Long-term Debt (Continued)

C. Aggregate Debt Schedule

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

Fiscal Year Ended June 30	Direct Borrowings and Direct Placements Principal	Direct Borrowings and Direct Placements Interest
2026	$ 6,807	$ 125
Totals	$ 6,807	$ 125

Note 7. 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 $831,838, FY 2024 was $718,236, and FY 2025 was $696,973.

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.

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

Note 7. Employee Retirement System (Continued)

Nonhazardous (Continued)

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

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

Hazardous

Hazardous covered employees are required to contribute 8% of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 9% of their salary to be allocated as follows: 8% will go to the member's account and 1% will be allocated to CERS's share of assets in the Ky. Ret. Sys. insurance trust fund.

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

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute 8% of their annual creditable compensation and also contribute 1% to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board of Trustees based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A hazardous member's account is credited with a 7.5% employer pay credit. The employer pay credit represents a portion of the employer contribution.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008, aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

The county's contribution rate for hazardous employees was 38.61%.

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:

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

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

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

Hazardous employees whose participation began on or after July 1, 2003, earn $15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, the employee's spouse receives $10 per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Benefits are covered under KRS 78.5536.

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

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

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

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

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

Note 7. Employee Retirement System (Continued)

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

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

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

D. Cost of Living Adjustments - Tier 1

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

E. Cost of Living Adjustments - Tier 2 and Tier 3

No COLA is given unless authorized by the legislature with specific criteria. To this point, no COLA has been authorized by the legislature for Tier 2 or Tier 3 members.

F. Death Benefit

If a retired member is receiving a monthly benefit based on at least 48 months of service credit, KPPA will pay a $5,000 death benefit payment to the beneficiary designated by the member specifically for this benefit. Members with multiple accounts are entitled to only one death benefit.

G. Annual Financial Report and Proportionate Share Audit Report

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

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

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

Note 8. Deferred Compensation

The Montgomery 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 9. Medical Expense Flexible Spending Account

In December 2014, the Montgomery County Fiscal court began offering employees a modified version of a medical expense flexible spending account. It is considered modified because the plan does not allow employees to contribute to the medical expense account. At the beginning of each quarter, the fiscal court contributes $525 to the plan for each participating employee. As of June 30, 2025, the balance of the medial expense flexible spending account was $1,266.

Note 10. Insurance

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

MONTGOMERY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2025

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MONTGOMERY COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2025

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	$ 13,125,150	$ 13,125,150	$ 14,792,932	$ 1,667,782
Excess Fees	27,570	27,570	187,342	159,772
Licenses and Permits	128,350	128,350	116,104	(12,246)
Intergovernmental	345,681	345,681	360,493	14,812
Charges for Services	2,500	2,500	4,190	1,690
Miscellaneous	116,000	116,000	215,408	99,408
Interest	350,000	350,000	1,182,305	832,305
Total Receipts	14,095,251	14,095,251	16,858,774	2,763,523
DISBURSEMENTS				
General Government	3,747,582	3,945,900	2,715,054	1,230,846
Protection to Persons and Property	364,750	377,394	364,948	12,446
General Health and Sanitation	387,000	532,184	384,009	148,175
Social Services	33,800	35,900	32,133	3,767
Recreation and Culture	21,840	21,840		21,840
Airports	25,000	25,000	25,000	
Debt Service			124,235	(124,235)
Administration	7,368,318	7,010,072	5,847,888	1,162,184
Total Disbursements	11,948,290	11,948,290	9,493,267	2,455,023
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	2,146,961	2,146,961	7,365,507	5,218,546
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			425,302	425,302
Transfers To Other Funds	(3,631,903)	(3,631,903)	(3,028,029)	603,874
Total Other Adjustments to Cash (Uses)	(3,631,903)	(3,631,903)	(2,602,727)	1,029,176
Net Change in Fund Balance	(1,484,942)	(1,484,942)	4,762,780	6,247,722
Fund Balance - Beginning	1,484,942	1,484,942	19,570,915	18,085,973
Fund Balance - Ending	$ 0	$ 0	$ 24,333,695	$ 24,333,695

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

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 1,353,423	$ 1,353,423	$ 1,480,823	$ 127,400
Miscellaneous	1,000	1,000	40,884	39,884
Total Receipts	1,354,423	1,354,423	1,521,707	167,284
DISBURSEMENTS				
Transportation Facilities and Services	40,173	40,173	1,558	38,615
Roads	2,472,374	2,472,374	1,643,414	828,960
Administration	420,750	420,750	372,827	47,923
Total Disbursements	2,933,297	2,933,297	2,017,799	915,498
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,578,874)	(1,578,874)	(496,092)	1,082,782
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,578,874	1,578,874	1,000,000	(578,874)
Total Other Adjustments to Cash (Uses)	1,578,874	1,578,874	1,000,000	(578,874)
Net Change in Fund Balance			503,908	503,908
Fund Balance - Beginning			120,043	120,043
Fund Balance - Ending	$ 0	$ 0	$ 623,951	$ 623,951

MONTGOMERY 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	$ 1,424,200	$ 1,424,200	$ 1,080,115	$ (344,085)
Charges for Services	90,500	90,500	74,556	(15,944)
Miscellaneous	280,500	280,500	279,794	(706)
Total Receipts	1,795,200	1,795,200	1,434,465	(360,735)
DISBURSEMENTS				
Protection to Persons and Property	2,918,400	2,916,515	2,623,638	292,877
Administration	874,829	876,714	800,390	76,324
Total Disbursements	3,793,229	3,793,229	3,424,028	369,201
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,998,029)	(1,998,029)	(1,989,563)	8,466
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,998,029	1,998,029	1,998,029	
Total Other Adjustments to Cash (Uses)	1,998,029	1,998,029	1,998,029	
Net Change in Fund Balance			8,466	8,466
Fund Balance - Beginning			547,037	547,037
Fund Balance - Ending	$ 0	$ 0	$ 555,503	$ 555,503

MONTGOMERY 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	Variance with Final Budget Positive
	Original	Final	Basis)	(Negative)
RECEIPTS				
Intergovernmental	$ 25,000	$ 25,000	$ 51,966	$ 26,966
Total Receipts	25,000	25,000	51,966	26,966
DISBURSEMENTS				
Roads	25,000	49,387	34,083	15,304
Total Disbursements	25,000	49,387	34,083	15,304
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(24,387)	17,883	42,270
Other Adjustments to Cash (Uses)				
Total Other Adjustments to Cash (Uses)				
Net Change in Fund Balance		(24,387)	17,883	42,270
Fund Balance - Beginning		24,387	24,387	
Fund Balance - Ending	$ 0	$ 0	$ 42,270	$ 42,270

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

	JUVENILE JUSTICE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
DISBURSEMENTS				
Protection to Persons and Property	$ 55,000	$ 64,800	$ 29,115	$ 35,685
Total Disbursements	55,000	64,800	29,115	35,685
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(55,000)	(64,800)	(29,115)	35,685
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	55,000	55,000	30,000	(25,000)
Total Other Adjustments to Cash (Uses)	55,000	55,000	30,000	(25,000)
Net Change in Fund Balance		(9,800)	885	10,685
Fund Balance - Beginning		9,800	9,800	
Fund Balance - Ending	$ 0	$ 0	$ 10,685	$ 10,685

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

	HEALTH/ CI FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 103,662	$ 103,662	$ 103,662	$
Charges for Services	8,502	8,502	10,193	1,691
Miscellaneous	206,000	206,000	203,646	(2,354)
Total Receipts	318,164	318,164	317,501	(663)
DISBURSEMENTS				
General Health and Sanitation	252,550	273,150	265,811	7,339
Administration	95,614	75,014	20,739	54,275
Total Disbursements	348,164	348,164	286,550	61,614
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(30,000)	(30,000)	30,951	60,951
Net Change in Fund Balance	(30,000)	(30,000)	30,951	60,951
Fund Balance - Beginning	30,000	30,000	211,421	181,421
Fund Balance - Ending	$ 0	$ 0	$ 242,372	$ 242,372

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

	SENIOR CITIZENS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 750,000	$ 750,000	$	$ (750,000)
Total Receipts	750,000	750,000		(750,000)
DISBURSEMENTS				
Social Services	750,000	750,000		750,000
Total Disbursements	750,000	750,000		750,000
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	$ 0	$ 0	$ 0	$ 0

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

	COUNTY CLERK PERMANENT STORAGE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	$ 50,000	$ 50,000	$ 46,170	$ (3,830)
Interest	3,000	3,000	5,634	2,634
Total Receipts	53,000	53,000	51,804	(1,196)
DISBURSEMENTS				
General Government	60,000	60,000	530	59,470
Administration	20,000	83,481		83,481
Total Disbursements	80,000	143,481	530	142,951
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(27,000)	(90,481)	51,274	141,755
Net Change in Fund Balance	(27,000)	(90,481)	51,274	141,755
Fund Balance - Beginning	27,000	90,481	90,481	
Fund Balance - Ending	$ 0	$ 0	$ 141,755	$ 141,755

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

	DRUG FORFEITURE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
DISBURSEMENTS				
Administration	$ 427	$ 427	$	$ 427
Total Disbursements	427	427		427
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(427)	(427)		427
Net Change in Fund Balance	(427)	(427)		427
Fund Balance - Beginning	427	427	427	
Fund Balance - Ending	$ 0	$ 0	$ 427	$ 427

MONTGOMERY 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				
Miscellaneous	$ 40,000	$	$	$
Interest	150,000	150,000	166,226	16,226
Total Receipts	190,000	150,000	166,226	16,226
DISBURSEMENTS				
General Health and Sanitation	900,000	916,660		916,660
Social Services	1,020,000	1,270,000	1,060,997	209,003
Roads		325,000	325,000	
Debt Service		425,302		425,302
Capital Projects	1,125,000	1,313,109	458,387	854,722
Administration	436,600	152,866	2,865	150,001
Total Disbursements	3,481,600	4,402,937	1,847,249	2,555,688
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(3,291,600)	(4,252,937)	(1,681,023)	2,571,914
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(425,302)	(425,302)
Total Other Adjustments to Cash (Uses)			(425,302)	(425,302)
Net Change in Fund Balance	(3,291,600)	(4,252,937)	(2,106,325)	2,146,612
Fund Balance - Beginning	3,291,600	4,252,937	4,252,937	
Fund Balance - Ending	$ 0	$ 0	$ 2,146,612	$ 2,146,612

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

	FINNERAN FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	$	$	$ 265,587	$ 265,587
Total Receipts			265,587	265,587
DISBURSEMENTS				
General Government		10,000	295	9,705
Administration		102,175		102,175
Total Disbursements		112,175	295	111,880
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(112,175)	265,292	377,467
Net Change in Fund Balance		(112,175)	265,292	377,467
Fund Balance - Beginning		112,175	112,175	
Fund Balance - Ending	$ 0	$ 0	$ 377,467	$ 377,467

MONTGOMERY 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	$	$ 40,000	$ 164,600	$ 124,600
Total Receipts		40,000	164,600	124,600
DISBURSEMENTS				
Administration		574,075		574,075
Total Disbursements		574,075		574,075
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(534,075)	164,600	698,675
Net Change in Fund Balance		(534,075)	164,600	698,675
Fund Balance - Beginning		534,075	534,075	
Fund Balance - Ending	$ 0	$ 0	$ 698,675	$ 698,675

MONTGOMERY 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.

Note 2. Excess of Disbursements Over Appropriations

The General Fund, debt services line-item exceeded budgeted appropriations by $124,235.

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MONTGOMERY COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2025

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MONTGOMERY COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2025

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	$ 688,833	$	$	$ 688,833
Land Improvements	32,575	8,477		41,052
Buildings/Building Improvements	11,099,949	1,665,602	90,627	12,674,924
Motor Vehicles	2,760,010		997,446	1,762,564
Equipment	1,372,574	53,430	599,975	826,029
Infrastructure	16,301,098	1,488,474	3,590,611	14,198,961
Total Capital Assets	$ 32,255,039	$ 3,215,983	$ 5,278,659	$ 30,192,363

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

June 30, 2025

Note 1. Capital Assets

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

	Capitalization Threshold	Useful Life (Years)
Land	$ 5,000	10-60
Buildings	$ 5,000	10-75
Building Improvements	$ 5,000	10-60
Vehicles	$ 5,000	5
Equipment	$ 5,000	3-25
Infrastructure	$ 5,000	10-50

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

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Allison Ball
Auditor of Public Accounts

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

Independent Auditor's Report

The Honorable Chris Haddix, Montgomery County Judge/Executive
Members of the Montgomery 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 Montgomery County Fiscal Court for the fiscal year ended June 30, 2025, and the related notes to the financial statement which collectively comprise the Montgomery County Fiscal Court's financial statement and have issued our report thereon dated June 15, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Montgomery 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 Montgomery County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Montgomery 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 a material weakness and another deficiency that we consider to be a significant deficiency.

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.

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Report on Internal Control Over Financial Reporting (Continued)

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

Report on Compliance And Other Matters

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

Views of Responsible Officials and Planned Corrective Action

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

Purpose of this Report

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

Respectfully submitted,

Allison Ball

Allison Ball
Auditor of Public Accounts
Frankfort, Ky

June 15, 2026

MONTGOMERY COUNTY
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended June 30, 2025

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MONTGOMERY COUNTY
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended June 30, 2025

2025-001 The Montgomery County Fiscal Court's Fourth Quarter Financial Report Was Materially Misstated

Condition and Context

The fourth quarter financial report, which serves as the county's year-end financial statement, was materially misstated. The following errors and omissions occurred:

- General Fund receipts of $425,302 were incorrectly posted as interest but should have been posted as a transfer in from the ARPA Fund. This amount was approved by the fiscal court for a check disbursement, however, was not approved as a transfer between funds.
- General Fund receipts of $34,541 for payroll taxes and net profit taxes were not posted to the fourth quarter report. This amount was included on the treasurer's settlement, but the report and settlement were not reconciled to ensure they agreed.
- General Fund disbursements of $124,235 for principal and interest for Parks and Recreation's vehicle and mowers were incorrectly posted as debt services.
- ARPA disbursements of $425,302 were incorrectly posted. They should have been posted as a transfer out on receipts in the amount of $229,943.
- Opioid Fund receipts of $698,675 were incorrectly coded to the ARPA Fund and should have been posted to a separate Opioid Fund on the fourth quarter report presented to the Department for Local Government (DLG). The settlement presented to the fiscal court correctly separated the Opioid Fund out of the ARPA Fund.
- The General Fund, debt services line-item exceeded budgeted appropriations by $124,235.

Cause

The county did not have adequate internal control, oversight, and review procedures in place to ensure financial activity was accurately recorded and reported in accordance with the uniform system of accounts as required.

Effect

Consequently, errors and omissions occurred and were undetected resulting in the financial statement being materially misstated. Inaccurate financial reporting is problematic because the commissioners and county judge/executive must have complete and accurate financial data to make prudent financial decisions on behalf of the county and taxpayers. Furthermore, external organizations may use and rely on financial information reported by the county.

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." Oversight and review procedures are basic internal controls necessary to ensure the accuracy and reliability of financial reports.

KRS 68.300 states, "[a]ny appropriation made or claim allowed by the fiscal court in excess of any budget fund, and any warrant or contract not made within the budget appropriations, shall be void." KRS 68.280 allows fiscal courts to amend the budget, when necessary to prevent appropriations from exceeding the approved budget. Because the fiscal court is responsible for these financing obligations, all debt should be budgeted and recorded.

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

2025-001 The Montgomery County Fiscal Court's Fourth Quarter Financial Report Was Materially Misstated (Continued)

Recommendation

We recommend the fiscal court establish adequate internal controls, oversight, and review procedures to ensure that all financial data is completely and accurately recorded and reported.

Views of Responsible Official and Planned Corrective Action

County Judge/Executive's Response: Regarding vehicle leases that flow through the Fiscal Court, such as parks and recreation or the Sheriff's department, this issue has already been resolved. I worked with auditors and DLG advisors to ensure the correct entries were now being made when a new lease was issued. Any lease now and moving forward will be reported correctly on the financial statements for those debt services. I have informed the new treasurer to complete any remaining ARPA interest transfers as a transfer instead of a check disbursement. I have informed the new treasurer to match every line with the 4^{th} quarter report prepared in [software name redacted] to the Annual Treasurer's Settlement. Having minimal training, I was unaware to match those closely and overlooked the payroll and net profit taxes not being posted and shown properly. The Opioid Abatement Settlement Funds were incorrectly posted due to a mistake that I made while changing the fund (as instructed by DLG). I created the new fund and moved the funds correctly, but made the old fund inactive too soon, therefore preventing the system from being able to show those funds in the proper fund. It rolled them into the ARPA fund; therefore the funds were reported but not in the proper fund.

2025-002 The Montgomery County Detention Center's Receipts Are Not Batched Or Deposited Daily

Condition and Context

Commissary account deposits are not being made on a daily basis. The week April 7, 2025 to April 11, 2025, was selected for testing. One deposit was made for that week on April 9, 2025. All six receipts batched and deposited for that day were dated April 4, 2025. Since receipts did not appear to be batched or deposited daily, testing was expanded to the entire month of April. The following exceptions were noted:

- Receipts batched and deposited on April 17, 2025, included six receipts dated April 9, 2025 to April 14, 2025.
- Receipts batched and deposited on April 25, 2025, included seven receipts dated April 17, 2025 to April 25, 2025.
- Receipts batched and deposited on April 28, 2025, included two receipts dated April 25, 2025.
- Daily checkouts were not completed on the day monies were received; instead, receipts were batched and deposited weekly. One daily checkout was completed for multiple deposit tickets.

Cause

Controls were not in place to ensure receipts collected are batched, accounted for, and deposited daily.

Effect

When deposits are not made timely, the risk that the bank account can be overdrawn is increased and there is an increased risk of misappropriation of funds. This also increases the risk of material misstatement in receipt reporting due to error or fraud.

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

2025-002 The Montgomery County Detention Center's Receipts Are Not Batched Or Deposited Daily (Continued)

Criteria

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual* requires officials to batch, account for and deposit receipts daily.

Recommendation

We recommend the jailer require receipts be batched, posted to ledgers, and deposited daily.

Views of Responsible Official and Planned Corrective Action

Jailer's Response: We currently follow an internal guideline to promptly deposit cash funds totaling more than $500. Due to the size of the office staff and meeting our goal of having 3 out of the 4 office employees process bank deposits, some deposits are delayed until we have the staff present to process. We will document any reason for the deposit delay such as vacation or illness. The Jail is a 24-hour facility and monies collected on the weekend can affect processing dates also; but funds are receipted and dropped in a locked box in the booking area until the office staff can prepare the deposit. We implemented completing a daily sheet per the Audit Exit on June 15, 2026 to document daily batches that will be signed by 2 office employees and the office employee will combine all the daily sheets to complete the deposit.

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CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

MONTGOMERY COUNTY FISCAL COURT

For The Year Ended June 30, 2025

Appendix A

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CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE

COUNTY FISCAL COURT

For The Year Ended June 30, 2025

The Montgomery 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

Amanda M. Duff

County Treasurer