Auditor of
Public Accounts
Allison Ball

# Montgomery County Fiscal Court

## Audit

**FRANKFORT, Ky**. – State Auditor Allison Ball has released the audit of the financial statements of the Montgomery County Fiscal Court for the fiscal year ended June 30, 2025. State law requires annual audits of county fiscal courts.

Auditing standards require the auditor’s letter to communicate whether the financial statements present fairly the receipts, disbursements, and changes in fund balances of the Montgomery County Fiscal Court in accordance with accounting principles generally accepted in the United States of America. The fiscal court’s financial statement did not follow this format. However, the fiscal court’s financial statement is fairly presented in conformity with the regulatory basis of accounting, which is an acceptable reporting methodology. This reporting methodology is followed for 116 of 120 fiscal court audits in Kentucky.

### Finding: The Montgomery County Fiscal Court’s Fourth Quarter Financial Report Was Materially Misstated

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.

### Recommendations

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.

### County Officials Response

*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 4th 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.*

## Finding: The Montgomery County Detention Center's Receipts Are Not Batched Or Deposited Daily

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.

## Recommendations

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

## County Officials Response

*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.*

The audit report can be found on the auditor's website.

###