

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

**For The Year Ended
June 30, 2024**



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

Independent Auditor's Report

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Curtis Dame, McLean County Judge/Executive
Members of the McLean 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 McLean County Fiscal Court, for the year ended June 30, 2024, and the related notes to the financial statement, which collectively comprise the McLean 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 McLean County Fiscal Court, for the year ended June 30, 2024, 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 McLean County Fiscal Court, for the year ended June 30, 2024, 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 McLean County Fiscal Court and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
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The Honorable Curtis Dame, McLean County Judge/Executive
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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 McLean 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

McLean 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 McLean 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 McLean 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 McLean 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 McLean 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 February 17, 2025, on our consideration of the McLean 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 McLean 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:

- 2024-001 The McLean County Fiscal Court Failed To Implement Adequate Internal Controls To Ensure Complete And Accurate Accounting Records Were Maintained
- 2024-002 The McLean County Fiscal Court Failed To Properly Reconcile The Payroll Revolving Account
- 2024-003 The McLean County Fiscal Court Lacked Internal Controls Over The Reporting Of Liabilities And Debt

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

February 17, 2025

MCLEAN COUNTY OFFICIALS**For The Year Ended June 30, 2024****Fiscal Court Members:**

Curtis Dame	County Judge/Executive
Clay Troutman	Magistrate
Robert Bishop	Magistrate
Joseph Lowery	Magistrate
Gary Johnson	Magistrate

Other Elected Officials:

Donna Dant	County Attorney
Christopher Ellis	Jailer
Carol Eaton	County Clerk
Stephanie King-Logsdon	Circuit Court Clerk
Kenneth Frizzell	Sheriff
Dale Ayer	Property Valuation Administrator
John Muster	Coroner

Appointed Personnel:

Belinda Stirsman	Former County Treasurer
Dana Mason	Former Finance Officer

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

For The Year Ended June 30, 2024

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

For The Year Ended June 30, 2024

	Budgeted Funds		
	General Fund	Road Fund	Jail Fund
RECEIPTS			
Taxes	\$ 2,138,710	\$ 134,861	\$
Excess Fees	28,271		
Licenses and Permits	17,670		
Intergovernmental	1,369,597	1,510,950	77,330
Charges for Services	74,801		150
Miscellaneous	869,519	274,827	5,334
Interest	47,945	50,592	2,856
Total Receipts	<u>4,546,513</u>	<u>1,971,230</u>	<u>85,670</u>
DISBURSEMENTS			
General Government	1,599,299	13,846	
Protection to Persons and Property	22,454		170,284
General Health and Sanitation	229,379	20,001	
Social Services	1,416,050		
Recreation and Culture	42,859		
Roads		1,516,269	
Debt Service	404,486		
Capital Projects	396,277		
Administration	873,051	193,749	27,565
Total Disbursements	<u>4,983,855</u>	<u>1,743,865</u>	<u>197,849</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(437,342)</u>	<u>227,365</u>	<u>(112,179)</u>
Other Adjustments to Cash (Uses)			
Financing Obligation Proceeds	400,000		
Payroll Revolving Account	(33,895)		
Transfers From Other Funds	273,844	123,285	70,000
Transfers To Other Funds	(447,278)	(223,314)	
Total Other Adjustments to Cash (Uses)	<u>192,671</u>	<u>(100,029)</u>	<u>70,000</u>
Net Change in Fund Balance	(244,671)	127,336	(42,179)
Fund Balance - Beginning (Restated)	<u>1,058,274</u>	<u>835,553</u>	<u>74,496</u>
Fund Balance - Ending	<u>\$ 813,603</u>	<u>\$ 962,889</u>	<u>\$ 32,317</u>
Composition of Fund Balance			
Bank Balance	\$ 901,315	\$ 1,043,197	\$ 33,821
Payroll Revolving Account Reconciled Balance	(33,895)		
Plus: Deposits In Transit			
Less: Outstanding Checks	(53,817)	(80,308)	(1,504)
Fund Balance - Ending	<u>\$ 813,603</u>	<u>\$ 962,889</u>	<u>\$ 32,317</u>

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

MCLEAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2024
(Continued)

Budgeted Funds						
Local Government Economic Assistance Fund	Capital Projects Fund	State Grants Fund	Federal Grants Fund	Ambulance Fund	Local Government Economic Development Fund	County Clerk Storage Fees Fund
\$	\$	\$	\$	\$	\$	\$
64,085			342,906	687,570		
				30,065		14,880
919	2,059		9,384	13,018	162	530
65,004	2,059		352,290	730,653	162	15,410
43,057			192,052			12,500
			56,500	881,320		
			133,000			
28,945						
397						
			1	50,830		
	43,514		309,881			
1,570				233,073		
73,969	43,514		691,434	1,165,223		12,500
(8,965)	(41,455)		(339,144)	(434,570)	162	2,910
	50,000			210,000		
			(50,530)		(25,707)	
	50,000		(50,530)	210,000	(25,707)	
(8,965)	8,545		(389,674)	(224,570)	(25,545)	2,910
27,072	24,002		501,527	435,046	25,545	14,096
\$ 18,107	\$ 32,547	\$ 0	\$ 111,853	\$ 210,476	\$ 0	\$ 17,006
\$ 28,992	\$ 32,547	\$	\$ 111,853	\$ 205,057	\$	\$ 17,006
				10,000		
(10,885)				(4,581)		
\$ 18,107	\$ 32,547	\$ 0	\$ 111,853	\$ 210,476	\$ 0	\$ 17,006

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

MCLEAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2024
(Continued)

	Budgeted Funds			
	National Opioid Settlement Fund	911 Fund	Western Fire Department Fund	Central Fire Department Fund
RECEIPTS				
Taxes	\$	\$	\$	\$
Excess Fees				
Licenses and Permits				
Intergovernmental		164,100	11,500	
Charges for Services		222,905	29,593	56,200
Miscellaneous	14,884		18,332	501
Interest	3,088	8,214	3,356	15,226
Total Receipts	17,972	395,219	62,781	71,927
DISBURSEMENTS				
General Government				
Protection to Persons and Property		274,459	50,469	19,587
General Health and Sanitation				
Social Services				
Recreation and Culture				
Roads				
Debt Service				
Capital Projects				
Administration	60	95,964	31,825	
Total Disbursements	60	370,423	82,294	19,587
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	17,912	24,796	(19,513)	52,340
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds				
Payroll Revolving Account				
Transfers From Other Funds		19,700		
Transfers To Other Funds				
Total Other Adjustments to Cash (Uses)		19,700		
Net Change in Fund Balance	17,912	44,496	(19,513)	52,340
Fund Balance - Beginning (Restated)	66,202	158,087	79,592	295,461
Fund Balance - Ending	\$ 84,114	\$ 202,583	\$ 60,079	\$ 347,801
Composition of Fund Balance				
Bank Balance	\$ 84,114	\$ 202,708	\$ 60,317	\$ 347,801
Plus: Deposits In Transit				
Less: Outstanding Checks		(125)	(238)	
Fund Balance - Ending	\$ 84,114	\$ 202,583	\$ 60,079	\$ 347,801

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

MCLEAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2024
(Continued)

<u>Budgeted Funds</u>			<u>Unbudgeted Fund</u>	
<u>Eastern Fire Department Fund</u>	<u>Southern Fire Department Fund</u>	<u>Southeastern Fire Department Fund</u>	<u>Justice Center Corporation Fund</u>	<u>Total Funds</u>
\$	\$	\$	\$	\$ 2,273,571
				28,271
				17,670
	34,500		239,575	3,814,543
32,077	28,835	15,741		1,147,872
56,189	5			1,284,536
3,902	1,405	1,804		164,460
92,168	64,745	17,545	239,575	8,730,923
				1,860,754
13,046	22,100	19,472		1,529,691
				382,380
				1,444,995
				43,256
				1,516,269
			239,575	694,892
				749,672
79,247	9,000			1,545,104
92,293	31,100	19,472	239,575	9,767,013
(125)	33,645	(1,927)		(1,036,090)
				400,000
				(33,895)
		11,000		757,829
(11,000)				(757,829)
(11,000)		11,000		366,105
(11,125)	33,645	9,073		(669,985)
85,939	42,348	30,991		3,754,231
\$ 74,814	\$ 75,993	\$ 40,064	\$ 0	\$ 3,084,246
\$ 74,814	\$ 86,116	\$ 40,064	\$	\$ 3,269,722
				(33,895)
				10,000
	(10,123)			(161,581)
\$ 74,814	\$ 75,993	\$ 40,064	\$ 0	\$ 3,084,246

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

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TO THE FINANCIAL STATEMENT**

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**MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2024

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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.

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

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

Capital Projects Fund - The primary purpose of this fund is to account for disbursements related to the energy project. The primary source of receipts for this fund is money from financing obligations.

State Grants Fund - The primary purpose of this fund is to account for state grants and related disbursements. The primary source of receipts for this fund is grants from the state government.

Federal Grants Fund - The primary purpose of this fund is to account for federal grants and related disbursements. The primary source of receipt for this fund is grants from the federal government.

Ambulance Fund - The primary purpose of this fund is to account for the county's ambulance services. The primary sources of receipts for this fund are grants and fees for services.

Local Government Economic Development Fund - The primary purpose of this fund is to account for activities of the county's effort for economic development. The primary source of receipts for this fund is state grants.

County Clerk Storage Fees Fund - The primary purpose of this fund is to account for the receipts and disbursements associated with the preservation of records within the county clerk's recording department. The primary source of receipts of this fund is the county clerk's collection of storage fees.

National Opioid Settlement Fund - The primary purpose of this fund is to account for funds used to combat the county's opioid crisis. Receipts of this fund are received from the state as a result of the state's agreement with major opioid manufacturer and distributors.

911 Fund - The primary purpose of this fund is to account for the county's 911 services. The primary source of receipts for this fund is 911 surcharges.

Western Fire Department Fund - The primary purpose of this fund is to account for the county's emergency services. The primary sources of receipts for this fund are grants and fire dues.

Central Fire Department Fund - The primary purpose of this fund is to account for the county's emergency services. The primary sources of receipts for this fund are grants and fire dues.

Eastern Fire Department Fund - The primary purpose of this fund is to account for the county's emergency services. The primary sources of receipts for this fund are grants and fire dues.

Southern Fire Department Fund - The primary purpose of this fund is to account for the county's emergency services. The primary sources of receipts for this fund are grants and fire dues.

Southeastern Fire Department Fund - The primary purpose of this fund is to account for the county's emergency services. The primary sources of receipts for this fund are grants and fire dues.

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Justice Center 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.

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 justice center corporation fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

E. McLean County Elected Officials

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

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

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments

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

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

G. Long-term Obligations

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

H. Related Obligations and Joint Ventures

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

Four Star Regional Industrial Park
 Green River Regional Industrial Development Authority (GRRIDA)
 Paradise Industrial Park
 McLean County Park Board
 McLean County Cemetery Board

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based on this criteria, the following are considered joint ventures of the McLean County Fiscal Court:

McLean Joint City-County Planning Commission – The fiscal court entered into an agreement with four cities to form the commission, agreeing to pay costs, on a prorated basis, not covered by state or federal funds, creating a joint venture.

Connect GRADD – The fiscal court entered into an agreement with the area development district, agreeing to pay costs, on a prorated basis, not covered by state or federal funds.

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 2. Deposits

The fiscal court maintains 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 the DLG's *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2024, 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 2024.

	General Fund	Road Fund	Federal Grants Fund	Local Government Economic Development Fund	Eastern Fire Department Fund	Total Transfers In
General Fund	\$	\$ 223,314	\$ 50,530	\$	\$	\$ 273,844
Road Fund	97,578			25,707		123,285
Jail Fund	70,000					70,000
Capital Projects Fund	50,000					50,000
Ambulance Fund	210,000					210,000
911 Fund	19,700					19,700
Southeastern Fire Department Fund					11,000	11,000
Total Transfers Out	<u>\$ 447,278</u>	<u>\$ 223,314</u>	<u>\$ 50,530</u>	<u>\$ 25,707</u>	<u>\$ 11,000</u>	<u>\$ 757,829</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. 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.

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 4. Custodial Funds (Continued)

The fiscal court has the following custodial fund:

Senior Citizens/GRADD Fund – This fund accounts for donations received for senior meals which are paid over to the Green River Area Development District (GRADD) monthly. The balance in the senior citizens/GRADD fund as of June 30, 2024, was \$585. This balance is included in the general fund balance of \$813,603.

Note 5. Leases

A. Lessor

1. Christina Woodburn Farm

On March 4, 2023, McLean County leased tracts of land to Alan Woodburn. The lease is for five years, and the county will receive annual payments of \$1,625. The McLean County Fiscal Court recognized \$1,625 in lease revenue during the current fiscal year related to this lease. As of June 30, 2024, receivable lease payments were \$4,875.

2. Bryan Austin

On January 26, 2021, McLean County began leasing tracts of land to Bryan Austin. The lease is for five years, and the county will receive annual payments of \$50. The McLean County Fiscal Court recognized \$50 in lease revenue during the current fiscal year related to this lease. As of June 30, 2023, receivable lease payments were \$50.

3. PJ Murphy

On June 30, 2023, McLean County began leasing tracts of land to PJ Murphy. The lease is for five years, and the county will receive annual payments of \$440. The McLean County Fiscal Court did not recognize any in lease revenue during the current fiscal year related to this lease. As of June 30, 2024, receivable lease payments were \$2,200.

4. Health First

On June 1, 2021, McLean County began leasing office space to Health First. The lease is for five years, and the county will receive annual payments of \$7,200. The McLean County Fiscal Court recognized \$7,200 in lease revenue during the current fiscal year related to this lease. As of June 30, 2023, receivable lease payments were \$13,800.

5. Administrative Office of the Courts

On July 1, 2023, McLean County started leasing office space to the Administrative Office of the Courts (AOC). This tenant shall have the option to renew the term of this lease each year. McLean County recognized \$73,405 in lease revenue during the current fiscal year related to the lease. As of June 30, 2024, McLean County's receivable for lease payments has been satisfied.

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 5. Leases (Continued)

B. Lessee

1. Dispatch Copier

On August 14, 2020, McLean County entered into a 63-month lease agreement as lessee for the use of a copier. An initial lease liability was recorded in the amount of \$3,963, which is monthly payments of \$63. As of June 30, 2024, the value of the lease had been satisfied for the current fiscal year. The lease value of the outstanding payments is \$315.

Fiscal Year Ended June 30	Amount
2025	\$ 315
Total Lease Payments	\$ 315

2. Dispatch Phone System

On July 28, 2022, McLean County entered into a 60-month lease agreement as lessee for the use of a phone system. An initial lease liability was recorded in the amount of \$104,100, which is annual payments of \$20,820 for five years. As of June 30, 2024, the value of the lease had been satisfied for the current fiscal year. The lease value of the outstanding payments is \$62,460.

Fiscal Year Ended June 30	Amount
2025	\$ 20,820
2026	20,820
2027	20,820
Total Lease Payments	\$ 62,460

Note 6. Subscription-Based Information Technology Arrangements (SBITA)

A. SBITA – FiscalBooks Accounting Subscription

McLean County entered into a subscription-based information technology arrangement for accounting software in the finance department. The subscription terms are 20 years totaling \$14,995, and McLean County will receive the right-to-use subscription asset (intangible asset). As of June 30, 2024, the value of the subscription liability was \$0.

B. SBITA – FiscalPay Accounting Subscription

McLean County entered into a subscription-based information technology arrangement for accounting software in the finance department. The subscription terms are 20 years totaling \$14,995, and McLean County will receive the right-to-use subscription asset (intangible asset). As of June 30, 2024, the value of the subscription liability was \$0.

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 6. Subscription-Based Information Technology Arrangements (SBITA) (Continued)

C. SBITA – FiscalExpress Accounting Subscription

McLean County entered into a subscription-based information technology arrangement for accounting software in the finance department. The subscription terms are 20 years totaling \$9,995, and McLean County will receive the right-to-use subscription asset (intangible asset). As of June 30, 2024, the value of the subscription liability was \$0.

D. SBITA – FiscalTax Accounting Subscription

McLean County entered into a subscription-based information technology arrangement for accounting software in the finance department. The subscription terms are 20 years totaling \$14,995, and McLean County will receive the right-to-use subscription asset (intangible asset). As of June 30, 2024, the value of the subscription liability was \$0.

E. SBITA – Voter Election Verification Subscription

McLean County entered into a subscription-based information technology arrangement for a voter election verification system. The subscription terms are three years totaling \$4,455, and McLean County will receive the right-to-use subscription asset (intangible asset). As of June 30, 2024, the value of the subscription liability was \$1,485. McLean County is required to make yearly payments of \$1,485.

Fiscal Year Ended June 30	Amount
2025	\$ 1,485
Total Payments	\$ 1,485

Note 7. Short-term Debt

A. Direct Borrowing

1. Line of Credit

On October 25, 2023, the McLean County Fiscal Court entered into an agreement with Farmers Bank and Trust Company in the amount of \$499,000 for a promissory note to be used as a line of credit. The interest rate is fixed at 5.980%. One payment of all outstanding principal plus all accrued unpaid interest is due on October 25, 2024. Regular quarterly payments of all accrued interest due as of each payment date, beginning January 25, 2024, with all subsequent interest payments to be due on the same day of each quarter after that. Upon default, including failure to pay upon final maturity, the total sum due under this note will continue to accrue interest at the interest rate under this note. Additionally, upon default, the lender may declare the entire unpaid principal balance under this note and all accrued unpaid interest immediately due, and the borrower will pay that amount. During fiscal year 2024, the McLean County Fiscal had \$400,000 in draws that were borrowed against this line of credit. The balance on the line of credit as of June 30, 2024, was \$0.

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 7. Short-term Debt (Continued)

B. Changes In Short-term Debt

Short-term Debt activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$	\$ 400,000	\$ 400,000	\$	\$
Total Short-term Debt	\$ 0	\$ 400,000	\$ 400,000	\$ 0	\$ 0

Note 8. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Ambulance

On May 29, 2019, the McLean County Fiscal Court entered into a promissory note and loan agreement with First State Bank in the amount of \$90,741 for the purchase of an ambulance. The interest rate is fixed at 3.50%. Payments of principal and interest are due annually for five years with a final balloon payment due in the sixth year. This note is secured by a 2018 Ford E450. Upon default, including failure to pay upon final maturity, the interest rate on this note shall be increased to 12.00% per annum. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law. Additionally, upon default, the lender may declare the entire unpaid principal balance under this note and all accrued unpaid interest immediately due, and the borrower will pay that amount. The principal balance as of June 30, 2024, was \$0.

2. First Mortgage Revenue Refunding Bonds, Series 2021A

On April 21, 2021, the McLean County Justice Center Corporation issued First Mortgage Revenue Refunding Bonds, Series 2021A in the amount of \$1,295,219. These bonds were purchased directly by U. S. Bank, National Association (the lender). The bonds were dated April 21, 2021, payable semi-annually on March 1 and September 1, beginning September 1, 2021. The interest rate on the bonds is 1.32%. The McLean County Fiscal Court has a sublease with the AOC, for approximately 100% of the McLean County Judicial Center.

The facilities to be refinanced with the proceeds of the bonds (the project) have been leased by the corporation to the county and the AOC pursuant to a contract, lease agreement, and option dated as of April 1, 2021 (the lease) for an initial period from the date of issuance of the Bonds until June 30, 2022. Under the lease, AOC is granted the exclusive option to renew the lease for each succeeding biennial period ending June 30 of each even numbered year at rentals sufficient to pay the bonds and interest thereon as same become due. The county is initially under no obligation to make rental payments under the lease, except from payments made by AOC. The county has agreed to operate, maintain, insure, and repair the project so long as any of the bonds remain outstanding, but solely from payments to be made by AOC under the lease.

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 8. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

2. First Mortgage Revenue Refunding Bonds, Series 2021A (Continued)

The bonds are secured by the amounts provided under the lease, and which lease has been assigned to U.S. Bank National Association, as a lender, under an Assignment of Lease dated as of April 21, 2021 (the "Assignment of Lease"), from the Corporation to the Lender and a Loan Agreement dated as of April 21, 2021 (the "Loan Agreement"). The loan agreement does not contain any default clauses.

The Justice Center Corporation issued the bonds to refund the first mortgage refunding revenue bonds, series 2010. The refunding of the Series 2010 bonds has been accomplished pursuant to the notice of full optional redemption by U.S. Bank, National Association, the paying agent for the series 2010 bonds (the "Escrow Agent"). The principal balance at June 30, 2024, was \$696,832. Future interest and principal requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2025	\$ 233,201	\$ 9,198
2026	232,680	6,120
2027	230,951	3,049
Totals	<u>\$ 696,832</u>	<u>\$ 18,367</u>

3. Energy Savings Project

On March 3, 2022, the McLean County Fiscal Court entered into a lease agreement with Kentucky Association of Counties Leasing Trust in the amount of \$770,000 for the acquisition, construction, installation, and equipping of various energy savings projects. The interest rate is 2.85%, with payments due annually for 20 years.

Whenever any event of default under section 27 of the lease agreement has occurred and is continuing, the lessor may without any further demand or notice, take one or any combination of the following remedial steps:

- (a) By appropriate court action, enforce the pledge set forth in Section 2 of the Ordinance and Section 11 of this lease so that during the remaining lease term there is levied on all the taxable property in the lessee, in addition to all other taxes, without limitation as to the rate or amount, a direct tax annually in the amount sufficient to pay the lease rental payments when and as due;
- (b) take legal title to, and sell or re-lease the project or any portion thereof;
- (c) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the project under this lease (including, without limitation, the right to possession of the project and the right to sell or re-lease or otherwise dispose of the project in accordance with applicable law); and/or take whatever action at law or in equity may appear necessary or desirable to enforce performance by the lessee of the applicable covenants and agreements of the lessee under this lease (subject, however, to the limitations thereon contained in this lease) and to recover damages for the breach thereof.

The principal balance on June 30, 2024, was \$750,000. Future interest and principal requirements are:

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 8. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

3. Energy Savings Project (Continued)

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2025	\$	\$ 33,239
2026	20,000	32,739
2027	10,000	31,939
2028	10,000	31,414
2029	25,000	30,514
2030-2034	185,000	129,758
2035-2039	295,000	75,820
2040-2042	205,000	15,260
Totals	<u>\$ 750,000</u>	<u>\$ 380,683</u>

B. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2024, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Direct Borrowings and Direct Placements	\$ 1,733,073	\$	\$ 286,241	\$ 1,446,832	\$ 233,201
Total Long-term Debt	<u>\$ 1,733,073</u>	<u>\$ 0</u>	<u>\$ 286,241</u>	<u>\$ 1,446,832</u>	<u>\$ 233,201</u>

C. Aggregate Debt Schedule

The amount of required principal and interest payments on long-term obligations at June 30, 2024, were as follows:

	<u>Direct Borrowings and Direct Placements</u>	
<u>Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 233,201	\$ 42,437
2026	252,680	38,859
2027	240,951	34,987
2028	10,000	31,414
2029	25,000	30,514
2030-2034	185,000	129,758
2035-2039	295,000	75,820
2040-2042	205,000	15,260
Totals	<u>\$ 1,446,832</u>	<u>\$ 399,049</u>

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 9. Employee Retirement System

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (Ky. Ret. Sys.). 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 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 2022 was \$539,048, FY 2023 was \$594,899, and FY 2024 was \$605,817.

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 go to the Ky. Ret. Sys. insurance fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own accounts. Nonhazardous covered employees contribute 5% 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 the Ky. Ret. Sys. Board of Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4% 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 23.34%.

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:

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 9. 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.

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.

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 9. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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.

F. Ky. Ret. Sys. Annual Financial Report and Proportionate Share Audit Report

Ky. Ret. Sys. 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.

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 10. Deferred Compensation

The McLean 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 11. Insurance

For the fiscal year ended June 30, 2024, the McLean 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.

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2024
(Continued)

Note 12. Related Party Transaction

The McLean County Fiscal Court paid \$1,475 for fiscal year June 30, 2024, to a lawn care business owned by a magistrate's son.

Note 13. Payroll Revolving Account

The reconciled balance of the payroll revolving account of (\$33,895), as of June 30, 2024, was added to the general fund cash balance for financial reporting purposes.

Note 14. Prior Period Adjustments

	General Fund	Ambulance Fund	911 Fund
Ending Fund Balances Prior Year	\$ 1,056,951	\$ 434,917	\$ 157,537
Prior Year Voided Checks	<u>1,323</u>	<u>129</u>	<u>550</u>
Beginning Fund Balances Restated	<u>\$ 1,058,274</u>	<u>\$ 435,046</u>	<u>\$ 158,087</u>

Note 15. Commitments & Contingencies

The county is involved in a lawsuit. While individually it may not be significant, in the aggregate it could negatively impact the county's financial position. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the county cannot be made at this time.

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MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

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MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2024

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 1,993,500	\$ 2,110,943	\$ 2,138,710	\$ 27,767
Excess Fees	51,425	62,556	28,271	(34,285)
Licenses and Permits	3,700	16,602	17,670	1,068
Intergovernmental	1,875,400	1,884,306	1,369,597	(514,709)
Charges for Services	64,000	67,146	74,801	7,655
Miscellaneous	656,775	899,219	869,519	(29,700)
Interest	15,000	41,497	47,945	6,448
Total Receipts	4,659,800	5,082,269	4,546,513	(535,756)
DISBURSEMENTS				
General Government	1,665,548	1,909,998	1,599,299	310,699
Protection to Persons and Property	25,201	90,202	22,454	67,748
General Health and Sanitation	248,080	315,980	229,379	86,601
Social Services	994,780	1,540,181	1,416,050	124,131
Recreation and Culture	44,500	50,500	42,859	7,641
Debt Service	499,000	499,000	404,486	94,514
Capital Projects	1,100,000	700,000	396,277	303,723
Administration	970,005	1,320,672	873,051	447,621
Total Disbursements	5,547,114	6,426,533	4,983,855	1,442,678
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(887,314)	(1,344,264)	(437,342)	906,922
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds	499,000	499,000	400,000	(99,000)
Transfers From Other Funds	223,214	223,214	273,844	50,630
Transfers To Other Funds	(434,900)	(434,900)	(447,278)	(12,378)
Total Other Adjustments to Cash (Uses)	287,314	287,314	226,566	(60,748)
Net Change in Fund Balance	(600,000)	(1,056,950)	(210,776)	846,174
Fund Balance - Beginning (Restated)	600,000	1,056,950	1,058,274	1,324
Fund Balance - Ending	\$ 0	\$ 0	\$ 847,498	\$ 847,498

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 135,000	\$ 135,000	\$ 134,861	\$ (139)
Intergovernmental	1,486,991	1,661,930	1,510,950	(150,980)
Miscellaneous	500	270,116	274,827	4,711
Interest	11,000	41,991	50,592	8,601
Total Receipts	1,633,491	2,109,037	1,971,230	(137,807)
DISBURSEMENTS				
General Government	14,400	13,400	13,846	(446)
General Health and Sanitation	44,465	44,465	20,001	24,464
Roads	1,559,700	2,172,700	1,516,269	656,431
Administration	591,712	490,811	193,749	297,062
Total Disbursements	2,210,277	2,721,376	1,743,865	977,511
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(576,786)	(612,339)	227,365	839,704
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			123,285	123,285
Transfers To Other Funds	(223,214)	(223,214)	(223,314)	(100)
Total Other Adjustments to Cash (Uses)	(223,214)	(223,214)	(100,029)	123,185
Net Change in Fund Balance	(800,000)	(835,553)	127,336	962,889
Fund Balance - Beginning	800,000	835,553	835,553	
Fund Balance - Ending	\$ 0	\$ 0	\$ 962,889	\$ 962,889

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

JAIL FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 81,200	\$ 81,200	\$ 77,330	\$ (3,870)
Charges for Services			150	150
Miscellaneous	8,500	9,267	5,334	(3,933)
Interest	100	2,494	2,856	362
Total Receipts	89,800	92,961	85,670	(7,291)
DISBURSEMENTS				
Protection to Persons and Property	241,578	247,348	170,284	77,064
Administration	48,422	75,309	27,565	47,744
Total Disbursements	290,000	322,657	197,849	124,808
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(200,200)	(229,696)	(112,179)	117,517
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	155,200	155,200	70,000	(85,200)
Total Other Adjustments to Cash (Uses)	155,200	155,200	70,000	(85,200)
Net Change in Fund Balance	(45,000)	(74,496)	(42,179)	32,317
Fund Balance - Beginning	45,000	74,496	74,496	
Fund Balance - Ending	\$ 0	\$ 0	\$ 32,317	\$ 32,317

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 90,000	\$ 90,000	\$ 64,085	\$ (25,915)
Miscellaneous	1,000	1,000		(1,000)
Interest	250	706	919	213
Total Receipts	91,250	91,706	65,004	(26,702)
DISBURSEMENTS				
General Government	53,000	59,500	43,057	16,443
Protection to Persons and Property	20,000	20,000		20,000
Social Services	35,000	35,000	28,945	6,055
Recreation and Culture	5,000	1,500	397	1,103
Administration	3,250	2,778	1,570	1,208
Total Disbursements	116,250	118,778	73,969	44,809
Net Change in Fund Balance	(25,000)	(27,072)	(8,965)	18,107
Fund Balance - Beginning	25,000	27,072	27,072	
Fund Balance - Ending	\$ 0	\$ 0	\$ 18,107	\$ 18,107

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

CAPITAL PROJECTS FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$	\$ 1,762	\$ 2,059	\$ 297
Total Receipts		1,762	2,059	297
DISBURSEMENTS				
Capital Projects	45,000	48,500	43,514	4,986
Administration	17,000	27,264		27,264
Total Disbursements	62,000	75,764	43,514	32,250
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(62,000)	(74,002)	(41,455)	32,547
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	50,000	50,000	50,000	
Total Other Adjustments to Cash (Uses)	50,000	50,000	50,000	
Net Change in Fund Balance	(12,000)	(24,002)	8,545	32,547
Fund Balance - Beginning	12,000	24,002	24,002	
Fund Balance - Ending	\$ 0	\$ 0	\$ 32,547	\$ 32,547

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

STATE GRANTS FUND			
Budgeted Amounts		Actual	Variance with
Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS			
Total Receipts			
\$	\$	\$	\$
DISBURSEMENTS			
Total Disbursements			
Net Change in Fund Balance			
Fund Balance - Beginning			
Fund Balance - Ending	\$ 0	\$ 0	\$ 0

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

FEDERAL GRANTS FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 729,000	\$ 779,258	\$ 342,906	\$ (436,352)
Interest	2,000	8,370	9,384	1,014
Total Receipts	731,000	787,628	352,290	(435,338)
DISBURSEMENTS				
General Government	500,000	400,000	192,052	207,948
Protection to Persons and Property	200,000	200,000	56,500	143,500
General Health and Sanitation		233,000	133,000	100,000
Debt Service		1	1	
Capital Projects	200,000	333,681	309,881	23,800
Administration	231,000	122,473		122,473
Total Disbursements	1,131,000	1,289,155	691,434	597,721
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(400,000)	(501,527)	(339,144)	162,383
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(50,530)	(50,530)
Total Other Adjustments to Cash (Uses)			(50,530)	(50,530)
Net Change in Fund Balance	(400,000)	(501,527)	(389,674)	111,853
Fund Balance - Beginning	400,000	501,527	501,527	
Fund Balance - Ending	\$ 0	\$ 0	\$ 111,853	\$ 111,853

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

AMBULANCE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Charges for Services	\$ 770,000	\$ 770,000	\$ 687,570	\$ (82,430)
Miscellaneous	2,000	30,065	30,065	
Interest	4,000	11,535	13,018	1,483
Total Receipts	<u>776,000</u>	<u>811,600</u>	<u>730,653</u>	<u>(80,947)</u>
DISBURSEMENTS				
Protection to Persons and Property	849,900	1,006,950	881,320	125,630
Debt Service	10,000	50,830	50,830	
Administration	306,100	398,737	233,073	165,664
Total Disbursements	<u>1,166,000</u>	<u>1,456,517</u>	<u>1,165,223</u>	<u>291,294</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(390,000)</u>	<u>(644,917)</u>	<u>(434,570)</u>	<u>210,347</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>210,000</u>	<u>210,000</u>	<u>210,000</u>	
Total Other Adjustments to Cash (Uses)	<u>210,000</u>	<u>210,000</u>	<u>210,000</u>	
Net Change in Fund Balance	(180,000)	(434,917)	(224,570)	210,347
Fund Balance - Beginning (Restated)	<u>180,000</u>	<u>434,917</u>	<u>435,046</u>	<u>129</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 210,476</u>	<u>\$ 210,476</u>

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

LOCAL GOVERNMENT ECONOMIC DEVELOPMENT FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	\$	\$	\$ 162	\$ 162
Total Receipts			162	162
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			162	162
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(25,707)	(25,707)
Total Other Adjustments to Cash (Uses)			(25,707)	(25,707)
Net Change in Fund Balance			(25,545)	(25,545)
Fund Balance - Beginning			25,545	25,545
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

COUNTY CLERK STORAGE FEES FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 13,000	\$ 13,360	\$ 14,880	\$ 1,520
Interest	75	470	530	60
Total Receipts	13,075	13,830	15,410	1,580
DISBURSEMENTS				
General Government	26,575	27,171	12,500	14,671
Administration		755		755
Total Disbursements	26,575	27,926	12,500	15,426
Net Change in Fund Balance	(13,500)	(14,096)	2,910	17,006
Fund Balance - Beginning	13,500	14,096	14,096	
Fund Balance - Ending	\$ 0	\$ 0	\$ 17,006	\$ 17,006

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

NATIONAL OPIOID SETTLEMENT FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 10,000	\$ 14,864	\$ 14,884	\$ 20
Interest		2,758	3,088	330
Total Receipts	10,000	17,622	17,972	350
DISBURSEMENTS				
Administration	77,000	84,622	60	84,562
Total Disbursements	77,000	84,622	60	84,562
Net Change in Fund Balance	(67,000)	(67,000)	17,912	84,912
Fund Balance - Beginning	67,000	67,000	66,202	(798)
Fund Balance - Ending	\$ 0	\$ 0	\$ 84,114	\$ 84,114

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

	911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 190,000	\$ 194,100	\$ 164,100	\$ (30,000)
Charges for Services	228,000	228,000	222,905	(5,095)
Interest	1,200	6,646	8,214	1,568
Total Receipts	419,200	428,746	395,219	(33,527)
DISBURSEMENTS				
Protection to Persons and Property	391,810	441,310	274,459	166,851
Debt Service	30,500	30,500		30,500
Administration	138,590	164,173	95,964	68,209
Total Disbursements	560,900	635,983	370,423	265,560
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(141,700)	(207,237)	24,796	232,033
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds	30,000	30,000		(30,000)
Transfers From Other Funds	19,700	19,700	19,700	
Total Other Adjustments to Cash (Uses)	49,700	49,700	19,700	(30,000)
Net Change in Fund Balance	(92,000)	(157,537)	44,496	202,033
Fund Balance - Beginning (Restated)	92,000	157,537	158,087	550
Fund Balance - Ending	\$ 0	\$ 0	\$ 202,583	\$ 202,583

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

WESTERN FIRE DEPARTMENT FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 11,500	\$ 11,500	\$ 11,500	\$
Charges for Services	28,350	29,546	29,593	47
Miscellaneous	2,100	11,348	18,332	6,984
Interest	150	2,993	3,356	363
Total Receipts	42,100	55,387	62,781	7,394
DISBURSEMENTS				
Protection to Persons and Property	67,000	73,000	50,469	22,531
Administration	40,100	61,979	31,825	30,154
Total Disbursements	107,100	134,979	82,294	52,685
Net Change in Fund Balance	(65,000)	(79,592)	(19,513)	60,079
Fund Balance - Beginning	65,000	79,592	79,592	
Fund Balance - Ending	\$ 0	\$ 0	\$ 60,079	\$ 60,079

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

CENTRAL FIRE DEPARTMENT FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 11,000	\$ 11,000	\$	\$ (11,000)
Charges for Services	55,000	55,908	56,200	292
Miscellaneous	2,100	2,100	501	(1,599)
Interest	1,800	12,489	15,226	2,737
Total Receipts	69,900	81,497	71,927	(9,570)
DISBURSEMENTS				
Protection to Persons and Property	45,350	45,350	19,587	25,763
Administration	264,550	331,608		331,608
Total Disbursements	309,900	376,958	19,587	357,371
Net Change in Fund Balance	(240,000)	(295,461)	52,340	347,801
Fund Balance - Beginning	240,000	295,461	295,461	
Fund Balance - Ending	\$ 0	\$ 0	\$ 347,801	\$ 347,801

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

EASTERN FIRE DEPARTMENT FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 11,000	\$ 11,000	\$	\$ (11,000)
Charges for Services	30,500	32,031	32,077	46
Miscellaneous	100	56,189	56,189	
Interest	120	3,321	3,902	581
Total Receipts	41,720	102,541	92,168	(10,373)
DISBURSEMENTS				
Protection to Persons and Property	23,500	30,700	13,046	17,654
Administration	98,220	157,780	79,247	78,533
Total Disbursements	121,720	188,480	92,293	96,187
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(80,000)	(85,939)	(125)	85,814
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(11,000)	(11,000)
Total Other Adjustments to Cash (Uses)			(11,000)	(11,000)
Net Change in Fund Balance	(80,000)	(85,939)	(11,125)	74,814
Fund Balance - Beginning	80,000	85,939	85,939	
Fund Balance - Ending	\$ 0	\$ 0	\$ 74,814	\$ 74,814

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

SOUTHERN FIRE DEPARTMENT FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 11,000	\$ 11,000	\$ 34,500	\$ 23,500
Charges for Services	28,000	28,702	28,835	133
Miscellaneous	4,000	4,000	5	(3,995)
Interest	50	1,068	1,405	337
Total Receipts	43,050	44,770	64,745	19,975
DISBURSEMENTS				
Protection to Persons and Property	30,500	47,800	22,100	25,700
Administration	52,550	39,318	9,000	30,318
Total Disbursements	83,050	87,118	31,100	56,018
Net Change in Fund Balance	(40,000)	(42,348)	33,645	75,993
Fund Balance - Beginning	40,000	42,348	42,348	
Fund Balance - Ending	\$ 0	\$ 0	\$ 75,993	\$ 75,993

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2024
(Continued)

SOUTHEASTERN FIRE DEPARTMENT FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 11,000	\$ 11,000	\$	\$ (11,000)
Charges for Services	16,000	16,000	15,741	(259)
Miscellaneous	100	100		(100)
Interest	350	1,494	1,804	310
Total Receipts	27,450	28,594	17,545	(11,049)
DISBURSEMENTS				
Protection to Persons and Property	41,424	41,424	19,472	21,952
Administration	14,026	18,161		18,161
Total Disbursements	55,450	59,585	19,472	40,113
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(28,000)	(30,991)	(1,927)	29,064
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			11,000	11,000
Total Other Adjustments to Cash (Uses)			11,000	11,000
Net Change in Fund Balance	(28,000)	(30,991)	9,073	40,064
Fund Balance - Beginning	28,000	30,991	30,991	
Fund Balance - Ending	\$ 0	\$ 0	\$ 40,064	\$ 40,064

MCLEAN COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2024

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. Reconciliation of the General Fund

Total Other Adjustments to Cash (Uses) - Budgetary Basis	\$ 226,566
To adjust for payroll account balance	<u>(33,895)</u>
Total Other Adjustments to Cash (Uses) - Regulatory Basis	<u><u>\$ 192,671</u></u>
 Fund Balance - Ending - Budgetary Basis	 \$ 847,498
To adjust for payroll account balance	<u>(33,895)</u>
Fund Balance - Ending - Regulatory Basis	<u><u>\$ 813,603</u></u>

MCLEAN COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2024

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MCLEAN COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2024

The fiscal court reports the following Schedule of Capital Assets:

	Restated Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 2,400,509	\$	\$	\$ 2,400,509
Buildings	11,218,777	1,420,636		12,639,413
Vehicles and Equipment	3,896,742	170,607		4,067,349
Other Equipment	4,954,097	559,918		5,514,015
Infrastructure	8,627,472	186,075		8,813,547
Total Capital Assets	<u>\$ 31,097,597</u>	<u>\$ 2,337,236</u>	<u>\$ 0</u>	<u>\$ 33,434,833</u>

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

June 30, 2024

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	\$ 25,000	50
Buildings and Building Improvements	\$ 25,000	50
Other Equipment	\$ 5,000	10
Vehicles and Equipment	\$ 5,000	10
Infrastructure	\$ 1,000	50

Note 2. Restatement of Capital Assets Beginning Balance

	<u>Prior Year Audited Ending Balance</u>	<u>Difference</u>	<u>Current Year Beginning Balance</u>
Land	\$ 1,250,309	\$ 1,150,200	\$ 2,400,509
Buildings	11,118,777	100,000	11,218,777
Vehicles and Equipment	2,832,009	1,064,733	3,896,742
Other Equipment	4,985,887	(31,790)	4,954,097
Infrastructure	6,978,498	1,648,974	8,627,472
	<u>\$ 27,165,480</u>	<u>\$ 3,932,117</u>	<u>\$ 31,097,597</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 Curtis Dame, McLean County Judge/Executive
Members of the McLean 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 McLean County Fiscal Court for the fiscal year ended June 30, 2024, and the related notes to the financial statement which collectively comprise the McLean County Fiscal Court's financial statement and have issued our report thereon dated February 17, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the McLean 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 McLean County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the McLean 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 and other deficiencies that we consider to be significant deficiencies.

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 2024-001 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 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 deficiencies described in the accompanying Schedule of Findings and Responses as items 2024-002 and 2024-003 to be significant deficiencies.

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the McLean 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 2024-001.

Views of Responsible Official and Planned Corrective Action

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

Purpose of this Report

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

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

February 17, 2025

**MCLEAN COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2024

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**MCLEAN COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2024

FINANCIAL STATEMENT FINDINGS:

2024-001 The McLean County Fiscal Court Failed To Implement Adequate Internal Controls To Ensure Complete And Accurate Accounting Records Were Maintained

This is a repeat finding and was included in the prior year audit report as finding 2023-001. The internal controls implemented by the fiscal court over the work performed by the former county treasurer failed to provide adequate oversight, allowing the following errors to occur:

- The fourth quarter financial statement was misstated. Receipts were misstated by \$203,381, while disbursements were misstated by \$40.
- The treasurer's settlement was not submitted to the fiscal court timely.
- The Local Government Economic Development Fund (LGEDF) was not included in the budget. The fund had a prior year surplus of \$25,545.

According to the County Judge/Executive and staff, a lack of management oversight caused these errors. When transferring funds from one bank account to another bank account within the same fund, the former county treasurer incorrectly treated these transactions as interfund transfers in/out instead of inter-account transfers. The new county treasurer was unaware the treasurer's settlement was required to be submitted to the fiscal court after the former county treasurer retired at year-end. The fiscal court planned to close the LGEDF fund during the fiscal year and mistakenly left off the prior year's surplus when preparing the budget.

Due to the fiscal court's lack of effective oversight of the treasury functions, the deficiencies, noncompliances, and undetected errors noted above pertaining to required record-keeping occurred without detection.

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." In addition to adhering to applicable laws and regulation, effective oversight over the preparation and reporting processes are a basic internal control necessary to ensure the accuracy and reliability of financial reports. .

KRS 68.020(5) states, "[t]he county treasurer shall, when required by the fiscal court, settle his accounts as county treasurer, and within thirty (30) days after the close of each fiscal year, he shall, unless his immediate predecessor has done so, make a full and complete settlement for the preceding fiscal year with the fiscal court or with a person or persons whom the fiscal court, by order of record, appoints to make settlement with him. In case of a vacancy, the county judge/executive shall call a special meeting which shall proceed in the manner it deems proper to settle the accounts of the county treasurer."

KRS 68.240(1) states, "[t]he county judge/executive shall annually prepare a proposed budget for the expenditure of all funds, including those from state and federal sources, which are to be expended by the fiscal court in the next fiscal year. The proposed budget shall be classified into budget units as outlined in subsection (2) of this section. In addition to preparing a reasonable estimate of the funds actually needed for both general and special purposes, the county judge/executive shall prepare an estimated statement of receipts to be anticipated from local, state and federal sources. The county judge/executive shall submit the proposed budget and estimate of receipts to the fiscal court by May 1 of each year."

MCLEAN COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2024
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-001 The McLean County Fiscal Court Failed To Implement Adequate Internal Controls To Ensure Complete And Accurate Accounting Records Were Maintained (Continued)

We recommend the McLean County Fiscal Court strengthen oversight and internal controls to ensure complete and accurate accounting records are maintained and establish checks and balances to verify amounts recorded are accurate.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The County Finance staff will continue to work to develop and implement robust internal financial controls.

2024-002 The McLean County Fiscal Court Failed To Properly Reconcile The Payroll Revolving Account

The McLean County Fiscal Court uses a clearing bank account for payroll processing. Payroll Revolving Account is established to process individual payroll transactions and should zero out or reconcile to a minimal carrying balance. Deposits are made into the bank account from the county's operating accounts to pay for salaries, taxes, matching portion of taxes, retirement, health insurance, and other payments to benefit vendors. The former county treasurer did not properly prepare the June 30, 2024, monthly reconciliation on the Payroll Revolving Account. When all liabilities were accounted for, the Payroll Revolving Account had a negative reconciled balance of \$33,895 as of June 30, 2024. In addition, transfers were made throughout the year from the general fund. Even though these transfers were approved by the fiscal court and paid back to the general fund by year-end, they were not accounted for on the county's books.

There were no internal controls in place to ensure the Payroll Revolving Account was being properly reconciled each month nor to ensure all transfers were accounted for on the books. Additionally, there was an adjustment made in the software that caused the majority of the deficit for the year.

The Payroll Revolving Account should zero out at the end of the year or reconcile to a minimal carrying balance. However, because the account had not been properly reconciled, the Payroll Revolving Account had an ending balance of negative \$33,895 as of June 30, 2024. Funds were not properly transferred into the Payroll Revolving Account; therefore, the account could become overdrawn and assessed fees by the bank.

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." The failure to prepare accurate and timely reconciliations for bank accounts, and all other reports concerning payroll, is a basic internal control necessary to ensure the accuracy and reliability of financial reports. Due to the nature of revolving accounts, only the funds necessary to pay employees and government agencies should be transferred from other funds. Therefore, the reconciled balance each month of the Payroll Revolving Account should be zero.

We recommend the Payroll Revolving Account be properly reconciled monthly. Because the Payroll Revolving Account is a clearing account, this account should reconcile to a zero ending cash balance or a minimal carrying balance at the end of each month. In addition, the negative balance in the Payroll Revolving Account needs to be settled by the General Fund. Lastly, all transfers from the General Fund to the Payroll Revolving Account should be documented on the county's books.

MCLEAN COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2024
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2024-002 The McLean County Fiscal Court Failed To Properly Reconcile The Payroll Revolving Account
 (Continued)

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Issues with the county's payroll account have been identified and a solution has been chosen to alleviate reconciliation issues.

2024-003 The McLean County Fiscal Court Lacked Internal Controls Over The Reporting Of Liabilities And
 Debt

An internal control deficiency existed over the reporting of liabilities and debt of the McLean County Fiscal Court. The June 30, 2024, outstanding debt balances reported on the fourth quarter financial report were misstated when compared to the actual debt balances confirmed with lenders. According to the fourth quarter financial report, the total outstanding principal balances were \$1,674,207 as of June 30, 2024. This amount should have been \$1,446,832.

The county failed to implement a strong internal control system over liabilities and debt service and instead relied on a single person without adequate oversight. This lack of internal controls resulted in the county's fourth quarter financial report's outstanding principal balance being overstated by \$227,375 and interest balances understated by \$25,678. In addition, the risk of misstatements and undetected errors increases when proper internal controls are not implemented.

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

We recommend the McLean County Fiscal Court strengthen internal controls over the reporting of outstanding debt balances. Internal controls, such as comparisons of payment amounts and outstanding balances to amortization and payment schedules should be implemented. We also recommend the county consult with lenders to verify outstanding debt balances are in agreement with the county's schedule of leases and liabilities. Such practices will strengthen internal controls over liabilities and debt service and ensure that the proper amounts are reported.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Staff will develop tracking and documentation records to facilitate accurate liability reporting.

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

MCLEAN COUNTY FISCAL COURT

For The Year Ended June 30, 2024

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CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAM
COUNTY FISCAL COURT

For The Year Ended June 30, 2024

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



County Judge/Executive



County Treasurer