



Auditor of Public Accounts Allison Ball

FOR IMMEDIATE RELEASE

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Ball Releases Audit of McLean County Fiscal Court

FRANKFORT, Ky. – State Auditor Allison Ball has released the audit of the financial statements of the McLean County Fiscal Court for the fiscal year ended June 30, 2024. State law requires annual audits of county fiscal courts.

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

The audit contains the following findings:

The fiscal court failed to implement adequate internal controls to ensure complete and accurate accounting records were maintained: The internal controls implemented by the fiscal court over the work performed by the former county treasurer failed to provide adequate oversight. As a result, the fourth quarter financial statement was misstated.

We recommend the 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 reported are accurate.

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

The fiscal court failed to properly reconcile the payroll revolving account: The former county treasurer did not properly prepare the Payroll Revolving Account, resulting in a negative reconciled balance of \$33,895. In addition, transfers were made throughout the year from the General Fund. The transfers were approved and paid back; however, they were not accounted for.

We recommend the Payroll Revolving Account be properly reconciled on a monthly basis. The Payroll Revolving Account should reconcile to a zero ending cash balance or a minimal carrying balance at the end of each month, and the negative balance in the Payroll Revolving Account should be settled by the General Fund. Lastly, all transfers be documented on the county's books.

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.

The fiscal court lacked internal controls over the reporting of liabilities and debt: The 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 but should have been \$1,446,832.

We recommend the fiscal court strengthen internal controls over the reporting of outstanding debt balances. Internal controls should be implemented. We also recommend the county consult with lenders to verify that outstanding debt balances are in agreement with the county's schedule of leases and liabilities.

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

The audit report can be found on the [auditor's website](#).

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