REPORT OF THE AUDIT OF THE
MCLEAN COUNTY
FISCAL COURT

For The Year Ended
June 30, 2025

ALLISON BALL
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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, 2025, 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, 2025, in accordance with accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the McLean County Fiscal Court, for the year ended June 30, 2025, or the changes in financial position and cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, and the *Fiscal Court Audit Guide* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the 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
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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.

To the People of Kentucky
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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 May 1, 2026, 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 finding:

2025-001 The McLean County Fiscal Court Did Not Accurately Account For Debt Service Transactions

Respectfully submitted,

Allison Ball

Allison Ball
Auditor of Public Accounts
Frankfort, Ky

May 1, 2026

MCLEAN COUNTY OFFICIALS

For The Year Ended June 30, 2025

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
Taylor Skaggs	Circuit Court Clerk
Kenneth Frizzell	Sheriff
Dale Ayer	Property Valuation Administrator
John Muster	Coroner

Appointed Personnel:

Dana Mason	County Treasurer
Emily Means	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, 2025

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

For The Year Ended June 30, 2025

	Budgeted Funds		
	General Fund	**Road Fund**	**Jail Fund**
RECEIPTS			
Taxes	$ 2,084,792	$ 124,812	$
Excess Fees	53,267		
Licenses and Permits	12,936		
Intergovernmental	1,555,241	1,918,198	80,073
Charges for Services	79,102		4,120
Miscellaneous	641,698	194,407	6,088
Interest	46,571	39,859	1,615
Total Receipts	4,473,607	2,277,276	91,896
DISBURSEMENTS			
General Government	1,632,427	14,399	
Protection to Persons and Property	366,010	10,430	174,131
General Health and Sanitation	215,677	20,297	
Social Services	161,624		
Recreation and Culture	45,346		
Roads		2,049,815	
Debt Service	471,989	65,253	
Capital Projects	998,111		
Administration	893,956	257,764	27,924
Total Disbursements	4,785,140	2,417,958	202,055
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(311,533)	(140,682)	(110,159)
Other Adjustments to Cash (Uses)			
Financing Obligation Proceeds	400,000		
Governmental Leasing Act Receipts	67,412	64,467	
Transfers From Other Funds	234,007		100,000
Transfers To Other Funds	(339,539)	(234,000)	
Total Other Adjustments to Cash (Uses)	361,880	(169,533)	100,000
Net Change in Fund Balance	50,347	(310,215)	(10,159)
Fund Balance - Beginning (Restated)	847,871	962,889	32,317
Fund Balance - Ending	$ 898,218	$ 652,674	$ 22,158
Composition of Fund Balance			
Bank Balance	$ 1,083,583	$ 806,397	$ 22,207
Less: Outstanding Checks	(185,365)	(153,723)	(49)
Fund Balance - Ending	$ 898,218	$ 652,674	$ 22,158

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, 2025
(Continued)

Budgeted Funds						
Local Government Economic Assistance Fund	**Capital Projects Fund**	**State Grants Fund**	**Federal Grants Fund**	**Ambulance Fund**	**County Clerk Storage Fees Fund**	**National Opioid Settlement Fund**
$	$	$	$	$	$	$
67,067						
				816,359		
66				18,725	14,370	6,080
887	919		1,190	6,151	866	3,516
68,020	919		1,190	841,235	15,236	9,596
42,285			30,396		6,000	
				836,031		
13,069						
77			82,640			
	33,239					
1,600				243,858		20
57,031	33,239		113,036	1,079,889	6,000	20
10,989	(32,320)		(111,846)	(238,654)	9,236	9,576
	10,000			220,000		
			(7)			
	10,000		(7)	220,000		
10,989	(22,320)		(111,853)	(18,654)	9,236	9,576
18,107	32,547		111,853	210,476	17,006	84,114
$ 29,096	$ 10,227	$ 0	$ 0	$ 191,822	$ 26,242	$ 93,690
$ 29,096	$ 10,227	$	$	$ 197,500	$ 26,242	$ 93,690
				(5,678)		
$ 29,096	$ 10,227	$ 0	$ 0	$ 191,822	$ 26,242	$ 93,690

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

	Budgeted Funds		
	911 Fund	Western Fire Department Fund	Central Fire Department Fund
RECEIPTS			
Taxes	$	$	$
Excess Fees			
Licenses and Permits			
Intergovernmental	189,957	14,500	15,000
Charges for Services	228,955	30,150	55,947
Miscellaneous	1,431	4,937	511
Interest	7,620	2,552	14,484
Total Receipts	427,963	52,139	85,942
DISBURSEMENTS			
General Government			
Protection to Persons and Property	342,709	42,260	23,815
General Health and Sanitation			
Social Services			
Recreation and Culture			
Roads			
Debt Service			
Capital Projects			
Administration	97,363		52,207
Total Disbursements	440,072	42,260	76,022
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(12,109)	9,879	9,920
Other Adjustments to Cash (Uses)			
Financing Obligation Proceeds			
Governmental Leasing Act Receipts			
Transfers From Other Funds			11,500
Transfers To Other Funds			
Total Other Adjustments to Cash (Uses)			11,500
Net Change in Fund Balance	(12,109)	9,879	21,420
Fund Balance - Beginning (Restated)	202,583	60,128	347,801
Fund Balance - Ending	$ 190,474	$ 70,007	$ 369,221
Composition of Fund Balance			
Bank Balance	$ 192,058	$ 70,412	$ 372,276
Less: Outstanding Checks	(1,584)	(405)	(3,055)
Fund Balance - Ending	$ 190,474	$ 70,007	$ 369,221

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, 2025
(Continued)

Budgeted Funds			Unbudgeted Fund	
Eastern Fire Department Fund	Southern Fire Department Fund	South Eastern Fire Department Fund	Justice Center Corporation Fund	Total Funds
$	$	$	$	$ 2,209,604
				53,267
				12,936
	3,500	14,500	242,399	4,100,435
32,123	28,823	16,304		1,291,883
4,836	3,200			896,349
3,720	907	2,121		132,978
40,679	36,430	32,925	242,399	8,697,452
				1,725,507
21,215	28,173	12,308		1,857,082
				235,974
				174,693
				128,063
				2,049,815
			242,399	779,641
				1,031,350
34,000		45,400		1,654,092
55,215	28,173	57,708	242,399	9,636,217
(14,536)	8,257	(24,783)		(938,765)
				400,000
				131,879
15,800		16,739		608,046
	(34,500)			(608,046)
15,800	(34,500)	16,739		531,879
1,264	(26,243)	(8,044)		(406,886)
74,814	75,993	40,064		3,118,563
$ 76,078	$ 49,750	$ 32,020	$ 0	$ 2,711,677
$ 77,353	$ 49,750	$ 32,174	$	$ 3,062,965
(1,275)		(154)		(351,288)
$ 76,078	$ 49,750	$ 32,020	$ 0	$ 2,711,677

INDEX FOR NOTES
TO THE FINANCIAL STATEMENT

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2025

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, 2025
(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. There was no activity or budgeted amounts in the state grants fund during the current fiscal year, however, the county has elected to keep the fund open to account for future state grants

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. There was no activity or budgeted amounts in the LGED fund during the current fiscal year. The account associated with the fund has been closed, therefore, it is not included on the financial statement or budgetary comparison schedules.

County Clerk Storge 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 manufacturers 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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

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.

South 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.

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, 2025
(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. Jointly Governed Organizations and Joint Ventures

A jointly governed organization is a regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that created the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility. Based on these criteria, the following are considered jointly governed 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 these 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, 2025
(Continued)

Note 2. Deposits

The fiscal court maintained deposits of public funds with federally insured banking institutions as required by the Department for Local Government's (DLG's) *County Budget Preparation and State Local Finance Officer Policy Manual*. The DLG manual strongly recommends perfected pledges of securities covering all public funds except direct federal obligations and funds protected by federal insurance. In order to be perfected in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the fiscal court and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of DLG's *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2025, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Transfers

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

	General Fund	Road Fund	Federal Grants Fund	Southern Fire Department	Total Transfers In
General Fund	$	$ 234,000	$ 7	$	$ 234,007
Jail Fund	100,000				100,000
Capital Projects Fund	10,000				10,000
Ambulance Fund	220,000				220,000
Central Fire Department Fund				11,500	11,500
Eastern Fire Department Fund	4,300			11,500	15,800
South Eastern Fire Department Fund	5,239			11,500	16,739
Total Transfers Out	$ 339,539	$ 234,000	$ 7	$ 34,500	$ 608,046

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.

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, 2025, was $581. This balance is included in the General Fund balance of $898,218.

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

Note 5. Commitments – Lease Agreements and Subscription-Based Information Technology Arrangements (SBITA)

A. Leases – Lessor

The McLean County Fiscal Court was committed to the following lease agreements as lessor as of June 30, 2025:

Description	Effective Date	Length of Term	Frequency of Payments	Ending Date	Amount of Payments	Balance June 30, 2025
Land (Battle of Sacramento)	3/4/2023	5 years	Annually	3/4/2028	$ 1,625	$ 4,875
Land (Rumsey, KY)	2/1/2021	5 years	Annually	2/1/2026	$ 50	$ 50
Land (Sacramento, KY)	5/10/2024	1 year	Annually	6/10/2025	$ 320	$ 320
Office Space	6/1/2021	5 years	Monthly	5/31/2026	$ 600	$ 0

B. Leases – Lessee

The McLean County Fiscal Court was committed to the following lease agreements as lessee as of June 30, 2025:

Description	Effective Date	Length of Term	Frequency of Payments	Ending Date	Amount of Payments	Balance June 30, 2025
Phone System	10/1/2022	5 years	Annually	7/28/2027	$ 20,820	$ 41,640

C. Subscription-Based Information Technology Arrangements (SBITA)

The McLean County Fiscal Court was committed to the following SBITAs as of June 30, 2025:

Description	Effective Date	Length of Term	Frequency of Payments	Ending Date	Amount of Payments	Balance June 30, 2025
Election Poll Pads	2/8/2023	3 years	Annually	2/8/2025	$ 1,485	$ 0

Note 6. Note Receivable

On September 3, 2024, the fiscal court loaned Calhoun Pharmacy $50,000, for the purpose of financing building renovations. Terms of the agreement stipulate a seven-year repayment schedule at 4.5 percent interest. As of June 30, 2025, the balance due is $54,799.

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

Note 7. Short-term Debt

A. Direct Borrowing

1. Line of Credit

On October 25, 2024, 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 5.250%. One payment of all outstanding principal plus all accrued unpaid interest is due on June 30, 2025. Regular quarterly payments of all accrued interest due as of each payment date, beginning November 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 2025, 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, 2025, was $0.

B. Changes In Short-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	$	$ 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. 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 Administrative Office of the Courts, Commonwealth of Kentucky, 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 Administrative Office of the Courts of the Commonwealth of Kentucky (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, 2025
(Continued)

Note 8. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

1. 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 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 have 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, 2025, was $463,631. Future interest and principal requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2026	$ 232,680	$ 6,120
2027	230,951	3,049
Totals	$ 463,631	$ 9,169

2. 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 referred to in 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 reaming lease term there is levied on all the taxable properly 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.

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

Note 8. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

2. Energy Savings Project (Continued)

The principal balance at June 30, 2025, was $750,000.

Fiscal Year Ending June 30	Principal	Scheduled Interest
2026	$ 20,000	$ 32,739
2027	10,000	31,939
2028	10,000	31,414
2029	25,000	30,514
2030	25,000	29,202
2031-2035	215,000	120,570
2036-2040	305,000	63,570
2041-2042	140,000	7,496
Totals	$ 750,000	$ 347,444

3. KACO Vehicle Lease #34

On May 7, 2025, the fiscal court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of $67,412 at a 5.25 percent effective interest rate. The financing obligation was used to purchase a vehicle. The agreement is secured by the vehicles purchased. Upon the happening and continuance of any event of default as defined in the agreement, the lease may be terminated, project sold, repossessed, or re-leased, or lease rental payments may be declared due and payable. The maturity date of the obligation is May 7, 2029. The principal balance was paid in full for fiscal year 2025.

4. KACO Vehicle Lease #35

On May 7, 2025, the fiscal court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the sum of $64,467 at a 5.25 percent effective interest rate. The financing obligation was used to purchase a vehicle. The agreement is secured by the vehicles purchased. Upon the happening and continuance of any event of default as defined in the agreement, the lease may be terminated, project sold, repossessed, or re-leased, or lease rental payments may be declared due and payable. The maturity date of the obligation is May 7, 2029. The principal balance was paid in full for fiscal year 2025.

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

Note 8. Long-term Debt (Continued)

B. Changes In Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	$ 1,446,832	$ 131,879	$ 365,080	$ 1,213,631	$ 252,680
Total Long-term Debt	$ 1,446,832	$ 131,879	$ 365,080	$ 1,213,631	$ 252,680

C. Aggregate Debt Schedule

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

	Direct Borrowings and Direct Placements	
Fiscal Year Ended June 30	Principal	Interest
2026	$ 252,680	$ 38,859
2027	240,951	34,988
2028	10,000	31,414
2029	25,000	30,514
2030	25,000	29,202
2031-2035	215,000	120,570
2036-2040	305,000	63,570
2041-2042	140,000	7,496
Totals	$ 1,213,631	$ 356,613

Note 9. Employee Retirement System

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

The county's contribution for FY 2023 was $594,899, FY 2024 was $605,817, and FY 2025 was $565,439.

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

Note 9. Employee Retirement System (Continued)

Nonhazardous

Nonhazardous covered employees are required to contribute 5% of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 6% of their salary to be allocated as follows: 5% will go to the member's account and 1% will be allocated to CERS's share of assets in the Ky. Ret. Sys. insurance trust fund.

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

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

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

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

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

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

Note 9. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

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

Benefits are covered under KRS 78.5536.

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

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

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

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

C. Cost of Living Adjustments - Tier 1

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

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

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

E. Death Benefit

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

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

Note 9. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB)

F. Annual Financial Report and Proportionate Share Audit Report

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

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

Note 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, 2025, 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.

Note 12. Related Party Transaction

The McLean County Fiscal Court paid $1,140 for fiscal year June 30, 2025, to a lawn care business owned by a magistrate's son.

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

Note 13. Prior Period Adjustments

	General Fund	Western Fire Department Fund
Ending Fund Balance Prior Year	$ 813,603	$ 60,079
Payroll Revolving Account	33,895	
Prior Year Voided Checks	373	49
Beginning Fund Balance Restated	$ 847,871	$ 60,128

Note 14. 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.

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2025

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MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2025

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	$ 2,058,000	$ 2,058,000	$ 2,084,792	$ 26,792
Excess Fees	23,000	23,000	53,267	30,267
Licenses and Permits	9,000	9,715	12,936	3,221
Intergovernmental	3,079,400	3,186,421	1,555,241	(1,631,180)
Charges for Services	79,500	79,500	79,102	(398)
Miscellaneous	316,100	529,900	641,698	111,798
Interest	35,000	35,000	46,571	11,571
Total Receipts	5,600,000	5,921,536	4,473,607	(1,447,929)
DISBURSEMENTS				
General Government	1,691,135	2,013,435	1,632,427	381,008
Protection to Persons and Property	30,300	718,250	366,010	352,240
General Health and Sanitation	291,750	925,750	215,677	710,073
Social Services	193,500	199,500	161,624	37,876
Recreation and Culture	37,000	51,000	45,346	5,654
Debt Service	499,000	506,498	471,989	34,509
Capital Projects	2,300,000	1,867,000	998,111	868,889
Administration	1,101,000	1,187,404	893,956	293,448
Total Disbursements	6,143,685	7,468,837	4,785,140	2,683,697
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(543,685)	(1,547,301)	(311,533)	1,235,768
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds	499,000	499,000	400,000	(99,000)
Governmental Leasing Act Receipts			67,412	67,412
Transfers From Other Funds	260,000	260,000	234,007	(25,993)
Transfers To Other Funds	(467,000)	(467,000)	(339,539)	127,461
Total Other Adjustments to Cash (Uses)	292,000	292,000	361,880	69,880
Net Change in Fund Balance	(251,685)	(1,255,301)	50,347	1,305,648
Fund Balance - Beginning (Restated)	251,685	847,803	847,871	68
Fund Balance - Ending	$ 0	$ (407,498)	$ 898,218	$ 1,305,716

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

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	$ 135,000	$ 135,000	$ 124,812	$ (10,188)
Intergovernmental	2,238,465	2,338,465	1,918,198	(420,267)
Miscellaneous		3,493	194,407	190,914
Interest	40,000	40,000	39,859	(141)
Total Receipts	2,413,465	2,516,958	2,277,276	(239,682)
DISBURSEMENTS				
General Government	15,000	15,000	14,399	601
Protection to Persons and Property		40,000	10,430	29,570
General Health and Sanitation	44,465	44,465	20,297	24,168
Roads	2,428,800	2,700,247	2,049,815	650,432
Debt Service		65,253	65,253	
Administration	465,200	354,883	257,764	97,119
Total Disbursements	2,953,465	3,219,848	2,417,958	801,890
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(540,000)	(702,890)	(140,682)	562,208
Other Adjustments to Cash (Uses)				
Governmental Leasing Act Receipts			64,467	64,467
Transfers To Other Funds	(260,000)	(260,000)	(234,000)	26,000
Total Other Adjustments to Cash (Uses)	(260,000)	(260,000)	(169,533)	90,467
Net Change in Fund Balance	(800,000)	(962,890)	(310,215)	652,675
Fund Balance - Beginning	800,000	962,890	962,889	(1)
Fund Balance - Ending	$ 0	$ 0	$ 652,674	$ 652,674

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

JAIL FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 79,200	$ 79,200	$ 80,073	$ 873
Charges for Services		1,650	4,120	2,470
Miscellaneous	9,200	9,200	6,088	(3,112)
Interest	2,300	2,300	1,615	(685)
Total Receipts	90,700	92,350	91,896	(454)
DISBURSEMENTS				
Protection to Persons and Property	246,425	251,428	174,131	77,297
Administration	41,275	37,922	27,924	9,998
Total Disbursements	287,700	289,350	202,055	87,295
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(197,000)	(197,000)	(110,159)	86,841
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	127,000	127,000	100,000	(27,000)
Total Other Adjustments to Cash (Uses)	127,000	127,000	100,000	(27,000)
Net Change in Fund Balance	(70,000)	(70,000)	(10,159)	59,841
Fund Balance - Beginning	70,000	70,000	32,317	(37,683)
Fund Balance - Ending	$ 0	$ 0	$ 22,158	$ 22,158

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

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 70,000	$ 70,000	$ 67,067	$ (2,933)
Miscellaneous	1,000	1,000	66	(934)
Interest	1,000	1,000	887	(113)
Total Receipts	72,000	72,000	68,020	(3,980)
DISBURSEMENTS				
General Government	35,000	53,000	42,285	10,715
Social Services	21,000	21,000	13,069	7,931
Recreation and Culture	1,500	11,500	77	11,423
Administration	24,500	4,607	1,600	3,007
Total Disbursements	82,000	90,107	57,031	33,076
Net Change in Fund Balance	(10,000)	(18,107)	10,989	29,096
Fund Balance - Beginning	10,000	18,107	18,107	
Fund Balance - Ending	$ 0	$ 0	$ 29,096	$ 29,096

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

	CAPITAL PROJECTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Interest	$ 1,200	$ 1,200	$ 919	$ (281)
Total Receipts	1,200	1,200	919	(281)
DISBURSEMENTS				
Capital Projects	35,000	35,000	33,239	1,761
Administration	47,200	48,747		48,747
Total Disbursements	82,200	83,747	33,239	50,508
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(81,000)	(82,547)	(32,320)	50,227
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	50,000	50,000	10,000	(40,000)
Total Other Adjustments to Cash (Uses)	50,000	50,000	10,000	(40,000)
Net Change in Fund Balance	(31,000)	(32,547)	(22,320)	10,227
Fund Balance - Beginning	31,000	32,547	32,547	
Fund Balance - Ending	$ 0	$ 0	$ 10,227	$ 10,227

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

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

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

	FEDERAL GRANTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 179,000	$ 179,000	$	$ (179,000)
Interest	5,000	5,000	1,190	(3,810)
Total Receipts	184,000	184,000	1,190	(182,810)
DISBURSEMENTS				
General Government	115,000	115,000	30,396	84,604
Recreation and Culture		100,000	82,640	17,360
Debt Service	1	1		1
Capital Projects	98,999	48,999		48,999
Administration	50,000	31,853		31,853
Total Disbursements	264,000	295,853	113,036	182,817
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(80,000)	(111,853)	(111,846)	7
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(7)	(7)
Total Other Adjustments to Cash (Uses)			(7)	(7)
Net Change in Fund Balance	(80,000)	(111,853)	(111,853)	
Fund Balance - Beginning	80,000	111,853	111,853	
Fund Balance - Ending	$ 0	$ 0	$ 0	$ 0

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

	AMBULANCE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Charges for Services	$ 670,000	$ 670,000	$ 816,359	$ 146,359
Miscellaneous	5,000	14,590	18,725	4,135
Interest	11,000	11,000	6,151	(4,849)
Total Receipts	686,000	695,590	841,235	145,645
DISBURSEMENTS				
Protection to Persons and Property	896,500	913,200	836,031	77,169
Administration	304,500	332,866	243,858	89,008
Total Disbursements	1,201,000	1,246,066	1,079,889	166,177
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(515,000)	(550,476)	(238,654)	311,822
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	340,000	340,000	220,000	(120,000)
Total Other Adjustments to Cash (Uses)	340,000	340,000	220,000	(120,000)
Net Change in Fund Balance	(175,000)	(210,476)	(18,654)	191,822
Fund Balance - Beginning	175,000	210,476	210,476	
Fund Balance - Ending	$ 0	$ 0	$ 191,822	$ 191,822

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

COUNTY CLERK STORAGE FEES FUND

	Budgeted Amounts		Actual Amounts, (Budgetary	Variance with Final Budget Positive
	Original	Final	Basis)	(Negative)
RECEIPTS				
Miscellaneous	$ 13,000	$ 13,000	$ 14,370	$ 1,370
Interest	75	374	866	492
Total Receipts	13,075	13,374	15,236	1,862
DISBURSEMENTS				
General Government	27,171	30,380	6,000	24,380
Total Disbursements	27,171	30,380	6,000	24,380
Net Change in Fund Balance	(14,096)	(17,006)	9,236	26,242
Fund Balance - Beginning	14,096	17,006	17,006	
Fund Balance - Ending	$ 0	$ 0	$ 26,242	$ 26,242

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

NATIONAL OPIOID SETTLEMENT FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	$ 10,000	$ 10,000	$ 6,080	$ (3,920)
Interest	1,500	1,589	3,516	1,927
Total Receipts	11,500	11,589	9,596	(1,993)
DISBURSEMENTS				
Administration	97,500	97,589	20	97,569
Total Disbursements	97,500	97,589	20	97,569
Net Change in Fund Balance	(86,000)	(86,000)	9,576	95,576
Fund Balance - Beginning	86,000	86,000	84,114	(1,886)
Fund Balance - Ending	$ 0	$ 0	$ 93,690	$ 93,690

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

911 FUND

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	$ 190,000	$ 190,000	$ 189,957	$ (43)
Charges for Services	228,000	228,000	228,955	955
Miscellaneous			1,431	1,431
Interest	4,000	4,000	7,620	3,620
Total Receipts	422,000	422,000	427,963	5,963
DISBURSEMENTS				
Protection to Persons and Property	458,550	463,050	342,709	120,341
Debt Service	30,500	30,500		30,500
Administration	142,950	161,033	97,363	63,670
Total Disbursements	632,000	654,583	440,072	214,511
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(210,000)	(232,583)	(12,109)	220,474
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds	30,000	30,000		(30,000)
Total Other Adjustments to Cash (Uses)	30,000	30,000		(30,000)
Net Change in Fund Balance	(180,000)	(202,583)	(12,109)	190,474
Fund Balance - Beginning	180,000	202,583	202,583	
Fund Balance - Ending	$ 0	$ 0	$ 190,474	$ 190,474

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

WESTERN FIRE DEPARTMENT FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 15,000	$ 15,000	$ 14,500	$ (500)
Charges for Services	28,500	28,500	30,150	1,650
Miscellaneous	7,000	7,230	4,937	(2,293)
Interest	3,000	3,000	2,552	(448)
Total Receipts	53,500	53,730	52,139	(1,591)
DISBURSEMENTS				
Protection to Persons and Property	69,000	69,000	42,260	26,740
Administration	19,500	44,809		44,809
Total Disbursements	88,500	113,809	42,260	71,549
Net Change in Fund Balance	(35,000)	(60,079)	9,879	69,958
Fund Balance - Beginning (Restated)	35,000	60,079	60,128	49
Fund Balance - Ending	$ 0	$ 0	$ 70,007	$ 70,007

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

	CENTRAL FIRE DEPARTMENT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 15,000	$ 15,000	$ 15,000	$
Charges for Services	54,500	54,500	55,947	1,447
Miscellaneous	600	600	511	(89)
Interest	10,000	10,000	14,484	4,484
Total Receipts	80,100	80,100	85,942	5,842
DISBURSEMENTS				
Protection to Persons and Property	45,350	46,350	23,815	22,535
Administration	339,750	381,551	52,207	329,344
Total Disbursements	385,100	427,901	76,022	351,879
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(305,000)	(347,801)	9,920	357,721
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			11,500	11,500
Total Other Adjustments to Cash (Uses)			11,500	11,500
Net Change in Fund Balance	(305,000)	(347,801)	21,420	369,221
Fund Balance - Beginning	305,000	347,801	347,801	
Fund Balance - Ending	$ 0	$ 0	$ 369,221	$ 369,221

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

EASTERN FIRE DEPARTMENT FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 15,000	$ 15,000	$	$ (15,000)
Charges for Services	31,000	31,000	32,123	1,123
Miscellaneous	100	9,136	4,836	(4,300)
Interest	3,000	3,000	3,720	720
Total Receipts	49,100	58,136	40,679	(17,457)
DISBURSEMENTS				
Protection to Persons and Property	36,500	48,500	21,215	27,285
Administration	77,600	84,450	34,000	50,450
Total Disbursements	114,100	132,950	55,215	77,735
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(65,000)	(74,814)	(14,536)	60,278
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			15,800	15,800
Total Other Adjustments to Cash (Uses)			15,800	15,800
Net Change in Fund Balance	(65,000)	(74,814)	1,264	76,078
Fund Balance - Beginning	65,000	74,814	74,814	
Fund Balance - Ending	$ 0	$ 0	$ 76,078	$ 76,078

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

SOUTHERN FIRE DEPARTMENT FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 15,000	$ 15,000	$ 3,500	$ (11,500)
Charges for Services	28,000	28,000	28,823	823
Miscellaneous	100	100	3,200	3,100
Interest	1,100	1,100	907	(193)
Total Receipts	44,200	44,200	36,430	(7,770)
DISBURSEMENTS				
Protection to Persons and Property	28,150	36,750	28,173	8,577
Administration	45,050	83,443		83,443
Total Disbursements	73,200	120,193	28,173	92,020
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(29,000)	(75,993)	8,257	84,250
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(34,500)	(34,500)
Total Other Adjustments to Cash (Uses)			(34,500)	(34,500)
Net Change in Fund Balance	(29,000)	(75,993)	(26,243)	49,750
Fund Balance - Beginning	29,000	75,993	75,993	
Fund Balance - Ending	$ 0	$ 0	$ 49,750	$ 49,750

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

SOUTH EASTERN FIRE DEPARTMENT FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	$ 15,000	$ 15,000	$ 14,500	$ (500)
Charges for Services	28,000	28,000	16,304	(11,696)
Miscellaneous	100	100		(100)
Interest	1,100	1,100	2,121	1,021
Total Receipts	44,200	44,200	32,925	(11,275)
DISBURSEMENTS				
Protection to Persons and Property	28,150	36,750	12,308	24,442
Administration	45,050	83,443	45,400	38,043
Total Disbursements	73,200	120,193	57,708	62,485
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(29,000)	(75,993)	(24,783)	51,210
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			16,739	16,739
Total Other Adjustments to Cash (Uses)			16,739	16,739
Net Change in Fund Balance	(29,000)	(75,993)	(8,044)	67,949
Fund Balance - Beginning	29,000	75,993	40,064	(35,929)
Fund Balance - Ending	$ 0	$ 0	$ 32,020	$ 32,020

MCLEAN COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2025

Note 1. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting according to the laws of Kentucky as required by the state local finance officer, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board.

The county judge/executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the state local finance officer. Disbursements may not exceed budgeted appropriations at the activity level.

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MCLEAN COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2025

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MCLEAN COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2025

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	$ 2,400,509	$	$	$ 2,400,509
Buildings	12,639,413	41,750		12,681,163
Vehicles and Equipment	4,050,969	258,424		4,309,393
Other Equipment	5,831,829	254,871		6,086,700
Infrastructure	8,813,546	973,497		9,787,043
Total Capital Assets	$ 33,736,266	$ 1,528,542	$ 0	$ 35,264,808

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

June 30, 2025

Note 1. Capital Assets

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

	Capitalization Threshold	Useful Life (Years)
Land Improvements	$ 25,000	50
Buildings and Building Improvements	$ 25,000	50
Other Equipment	$ 5,000	10
Vehicles & Equipment	$ 5,000	10
Infrastructure	$ 10,000	50

Note 2. Restatement of Capital Assets Beginning Balance

	Prior Year Audited Ending Balance	Difference	Current Year Beginning Balance
Land	$ 2,400,509	$	$ 2,400,509
Buildings	12,639,413		12,639,413
Vehicles and Equipment	4,067,349	(16,380)	4,050,969
Other Equipment	5,514,015	317,814	5,831,829
Infrastructure	8,813,546		8,813,546
Total Capital Assets	$ 33,434,832	$ 301,434	$ 33,736,266

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, 2025, 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 May 1, 2026.

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.

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

Report on 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 2025-001.

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

Allison Ball
Auditor of Public Accounts
Frankfort, Ky

May 1, 2026

MCLEAN COUNTY
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended June 30, 2025

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MCLEAN COUNTY
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended June 30, 2025

2025-001 The McLean County Fiscal Court Did Not Accurately Account For Debt Service Transactions

Condition and Context

This is a repeat finding and was included in the prior year audit report as finding 2024-003. A control deficiency existed over the reporting of liabilities and debt of the McLean County Fiscal Court. Debt service payments in the amount of $537,242 were improperly coded and reported on the fourth quarter financial report. In addition, lease proceeds were not budgeted or recorded on the county's financial statement.

Cause

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.

Effect

This lack of internal controls resulted in the county's fourth quarter financial report being understated by $537,242 in the debt service appropriation line. In addition, the risk of misstatements and undetected errors increases when proper internal controls are not implemented.

Criteria

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

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The uniform system of accounts is set forth in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual,* which states, "All borrowed money received and repaid must be reflected in the county budget. Amendments for unanticipated borrowed monies (4911) must appropriate 100% of the borrowed funds for repayment. Amendments for unanticipated lease proceeds (4912) must appropriate 100% of the proceeds for the lease project. A copy of any required notice to the State Local Debt Officer must be included with the proposed amendment."

Recommendations

We recommend the McLean County Fiscal Court strengthen internal controls over the reporting of debt service. Internal controls, such as the review of account codes used for debt service payments recorded on the ledgers, should be implemented. Such practices will strengthen internal controls over liabilities and debt service and ensure that the proper amounts are reported within the proper account codes.

Views of Responsible Official and Planned Corrective Action

County Judge/Executive's Response: This finding is due to mistakenly coding payments of loans from the incorrect account codes on the financial statement. County Treasurer will continue to work on coding expenses to the correct lines and make changes as directed in the audit, which has been completed.

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CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

MCLEAN COUNTY FISCAL COURT

For The Year Ended June 30, 2025

Appendix A

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CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAM

MCLEAN COUNTY FISCAL COURT

For The Year Ended June 30, 2025

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

County Judge/Executive

County Treasurer