

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

**For The Year Ended  
June 30, 2022**



**MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS  
[auditor.ky.gov](http://auditor.ky.gov)**

**209 ST. CLAIR STREET  
FRANKFORT, KY 40601-1817  
TELEPHONE (502) 564-5841  
FACSIMILE (502) 564-2912**



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**MIKE HARMON**  
**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, 2022, 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, 2022, 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, 2022, 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 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  
 Finance and Administration Cabinet  
 The Honorable Curtis Dame, McLean County Judge/Executive  
 Members of the McLean County Fiscal Court

### ***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.

### ***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.
- 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 judgement, 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.

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

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

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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2023, 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.

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

**Other Reporting Required by *Government Auditing Standards* (Continued)**

Based on the results of our audit, we present the accompanying Schedule of Findings and Responses included herein, which discusses the following report findings:

- 2022-001 The McLean County Fiscal Court Did Not Have Adequate Internal Controls Over Disbursements
- 2022-002 Internal Control Deficiencies Exist Over The Reporting Of Liabilities And Debt
- 2022-003 The McLean County Treasurer Failed To Properly Reconcile The Revolving Payroll Account

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Mike H", with a long horizontal stroke extending to the right.

Mike Harmon  
Auditor of Public Accounts  
Frankfort, Ky

July 10, 2023

**MCLEAN COUNTY OFFICIALS****For The Year Ended June 30, 2022****Fiscal Court Members:**

Curtis Dame	County Judge/Executive
Clay Troutman	Magistrate
Robert Bishop	Magistrate
Joseph Lowery	Magistrate
Mathew Hayden	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
Will Muster	Coroner

**Appointed Personnel:**

Belinda Stirsman	County Treasurer
Dana Mason	County 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, 2022**

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

**For The Year Ended June 30, 2022**

	<b>Budgeted Funds</b>		
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>
<b>RECEIPTS</b>			
Taxes	\$ 1,929,027	\$ 133,403	\$
Excess Fees	158,615		
Licenses and Permits	4,262		
Intergovernmental	845,545	1,455,426	82,400
Charges for Services	60,588		
Miscellaneous	782,502	1,588	2,340
Interest	3,326	115	5
Total Receipts	<u>3,783,865</u>	<u>1,590,532</u>	<u>84,745</u>
<b>DISBURSEMENTS</b>			
General Government	1,313,220	14,400	
Protection to Persons and Property	21,987		174,267
General Health and Sanitation	145,841	41,216	
Social Services	156,289		
Recreation and Culture	149,735		
Roads		1,085,631	
Debt Service	114,181	25,498	
Capital Projects			
Administration	821,318	192,435	26,010
Total Disbursements	<u>2,722,571</u>	<u>1,359,180</u>	<u>200,277</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>1,061,294</u>	<u>231,352</u>	<u>(115,532)</u>
<b>Other Adjustments to Cash (Uses)</b>			
Financing Obligation Proceeds	377,345		
Premium on Financing Obligation			
Change in Payroll Revolving Account	48,038		
Transfers From Other Funds	442,188	939,024	116,000
Transfers To Other Funds	(1,083,803)	(226,429)	
Total Other Adjustments to Cash (Uses)	<u>(216,232)</u>	<u>712,595</u>	<u>116,000</u>
Net Change in Fund Balance	845,062	943,947	468
Fund Balance - Beginning (Restated)	<u>302,178</u>	<u>416,051</u>	<u>15,412</u>
Fund Balance - Ending	<u>\$ 1,147,240</u>	<u>\$ 1,359,998</u>	<u>\$ 15,880</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 1,140,841	\$ 1,359,011	\$ 29,040
Less: Outstanding Checks	(14,446)	(373)	(13,160)
Certificates of Deposit		1,360	
Payroll Revolving Account Reconciled Balance	<u>20,845</u>		
Fund Balance - Ending	<u>\$ 1,147,240</u>	<u>\$ 1,359,998</u>	<u>\$ 15,880</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, 2022**  
**(Continued)**

<b>Budgeted Funds</b>						
<b>Local Government Economic Assistance Fund</b>	<b>Capital Projects Fund</b>	<b>State Grants Fund</b>	<b>Federal Grants Fund</b>	<b>Ambulance Fund</b>	<b>Fire Department Fund</b>	<b>Local Government Economic Development Fund</b>
\$	\$	\$	\$	\$	\$	\$
82,475		101,938	978,008			815,846
				749,960		
			2	62,172		
71				349	2	
82,546		101,938	978,010	812,481	2	815,846
78,510			50,000			
95,106			240,750	590,373		
19,940						
33,332	377,345			108,965		
	813,588		38,099			
694			102,085	244,509		
227,582	1,190,933		430,934	943,847		
(145,036)	(1,190,933)	101,938	547,076	(131,366)	2	815,846
	770,000					
	80,000					
45,565	377,345			177,900		2
(9,113)		(101,938)	(14,490)		(30,879)	(815,846)
36,452	1,227,345	(101,938)	(14,490)	177,900	(30,879)	(815,844)
(108,584)	36,412		532,586	46,534	(30,877)	2
193,586			1,134,926	367,009	30,877	
\$ 85,002	\$ 36,412	\$ 0	\$ 1,667,512	\$ 413,543	\$ 0	\$ 2
\$ 85,479	\$ 161,539	\$	\$ 1,667,512	\$ 414,312	\$	\$ 2
(477)	(125,127)			(769)		
\$ 85,002	\$ 36,412	\$ 0	\$ 1,667,512	\$ 413,543	\$ 0	\$ 2

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, 2022**  
**(Continued)**

	<b>Budgeted Funds</b>			
	<b>911 Fund</b>	<b>Western Fire Department Fund</b>	<b>Central Fire Department Fund</b>	<b>Eastern Fire Department Fund</b>
<b>RECEIPTS</b>				
Taxes	\$	\$	\$	\$
Excess Fees				
Licenses and Permits				
Intergovernmental	166,607	11,000	18,000	
Charges for Services	224,027	29,090	55,528	31,975
Miscellaneous		425	1	
Interest	8	34	23	1
Total Receipts	<u>390,642</u>	<u>40,549</u>	<u>73,552</u>	<u>31,976</u>
<b>DISBURSEMENTS</b>				
General Government				
Protection to Persons and Property	325,708	67,733	23,018	4,523
General Health and Sanitation				
Social Services				
Recreation and Culture				
Roads				
Debt Service	44,894			13,301
Capital Projects				
Administration	99,489			292,020
Total Disbursements	<u>470,091</u>	<u>67,733</u>	<u>23,018</u>	<u>309,844</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(79,449)</u>	<u>(27,184)</u>	<u>50,534</u>	<u>(277,868)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds	44,522			
Premium on Financing Obligation				
Change in Payroll Revolving Account				
Transfers From Other Funds	89,523	22,258	8,667	63,032
Transfers To Other Funds				
Total Other Adjustments to Cash (Uses)	<u>134,045</u>	<u>22,258</u>	<u>8,667</u>	<u>63,032</u>
Net Change in Fund Balance	54,596	(4,926)	59,201	(214,836)
Fund Balance - Beginning (Restated)	<u>47,097</u>	<u>101,408</u>	<u>192,187</u>	<u>267,123</u>
Fund Balance - Ending	<u>\$ 101,693</u>	<u>\$ 96,482</u>	<u>\$ 251,388</u>	<u>\$ 52,287</u>
<b>Composition of Fund Balance</b>				
Bank Balance	\$ 110,868	\$ 96,813	\$ 236,684	\$ 52,287
Less: Outstanding Checks	(9,175)	(331)		
Certificates of Deposit			14,704	
Payroll Revolving Account Reconciled Balance				
Fund Balance - Ending	<u>\$ 101,693</u>	<u>\$ 96,482</u>	<u>\$ 251,388</u>	<u>\$ 52,287</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, 2022**  
**(Continued)**

<b>Budgeted Funds</b>		<b>Unbudgeted Fund</b>	
<b>Southern Fire Department Fund</b>	<b>Southeastern Fire Department Fund</b>	<b>Justice Center Corporation Fund</b>	<b>Total Funds</b>
\$	\$	\$	\$
			2,062,430
			158,615
			4,262
	10,500	154,573	4,722,318
28,990	16,825		1,196,983
	51		849,081
15	1		3,950
<u>29,005</u>	<u>27,377</u>	<u>154,573</u>	<u>8,997,639</u>
			1,456,130
29,233	36,017		1,608,715
			187,057
			176,229
			149,735
			1,085,631
		154,573	872,089
			851,687
25,000			1,803,560
<u>54,233</u>	<u>36,017</u>	<u>154,573</u>	<u>8,190,833</u>
(25,228)	(8,640)		806,806
			1,191,867
			80,000
			48,038
994			2,282,498
			(2,282,498)
<u>994</u>			<u>1,319,905</u>
(24,234)	(8,640)		2,126,711
51,165	34,414		3,153,433
<u>\$ 26,931</u>	<u>\$ 25,774</u>	<u>\$ 0</u>	<u>\$ 5,280,144</u>
\$ 26,931	\$ 25,774	\$	\$ 5,407,093
			(163,858)
			16,064
			20,845
<u>\$ 26,931</u>	<u>\$ 25,774</u>	<u>\$ 0</u>	<u>\$ 5,280,144</u>

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

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENT**

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**MCLEAN COUNTY  
NOTES TO FINANCIAL STATEMENT**

**June 30, 2022**

**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, 2022**  
**(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.

Fire Department Fund - The primary purpose of this fund is to account for the county's emergency services. However, in fiscal year 2020 the fiscal court established a separate fund for each fire department. The primary source of receipts for this fund is interest earned on the bank account.

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.

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, 2022**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Basis of Presentation (Continued)**

**Unbudgeted Fund**

The fiscal court reports the following unbudgeted fund:

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, 2022**  
**(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**

Regional governments or other multi-government arrangements that are governed by representatives from each of the governments that created the organization but are not joint ventures because the participants do not retain an ongoing financial interest or responsibility. Based on this 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 this criteria, the following are considered joint ventures of the McLean County Fiscal Court:

McLean Joint City – County Planning Commission  
 Connect GRADD

**MCLEAN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(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) *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 *County Budget Preparation and State Local Finance Officer Policy Manual*. As of June 30, 2022, 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 2022.

	General Fund	Road Fund	LGEA Fund	States Grant Fund	Federal Grants Fund	Fire Department Fund	LGEDF Fund	Total Transfers In
General Fund	\$	\$ 226,429	\$ 9,113	\$ 11,850	\$	\$	\$ 194,796	\$ 442,188
Road Fund	445,458						493,566	939,024
Jail Fund	116,000							116,000
LGEA Fund				45,565				45,565
Capital Projects Fund	377,345							377,345
Ambulance Fund	100,000						77,900	177,900
LGEDF Fund					2			2
911 Fund	45,000			44,523				89,523
Western Fire Department Fund					14,488	7,770		22,258
Central Fire Department Fund						8,667		8,667
Eastern Fire Department Fund						13,449	49,584	63,033
Southern Fire Department Fund						993		993
Total Transfers Out	<u>\$ 1,083,803</u>	<u>\$ 226,429</u>	<u>\$ 9,113</u>	<u>\$ 101,938</u>	<u>\$ 14,490</u>	<u>\$ 30,879</u>	<u>\$ 815,846</u>	<u>\$ 2,282,498</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.

**MCLEAN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 4. Custodial Funds**

Custodial funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. In accordance with the regulatory basis of accounting, custodial funds are not presented on the financial statement.

The fiscal court has the following custodial fund:

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) on a monthly basis. The balance in the senior citizens/GRADD fund as of June 30, 2022 was \$29.

**Note 5. Leases**

**A. Lessor**

**1. Christine Woodburn Farm**

During the fiscal year, McLean County leased tracts of land to Christine Woodburn. The lease is for one year and the county will receive annual payments of \$660. The McLean County Fiscal Court recognized \$660 in lease revenue during the current fiscal year related of this lease.

**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, 2022, receivable lease payments were \$150.

**3. David Ellis**

On May 10, 2022, McLean County began leasing tracts of land to David Ellis. The lease is for one year and the county will receive annual payments of \$320. The McLean County Fiscal Court recognized \$320 in lease revenue during the current fiscal year related to this lease.

**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, 2022, receivable lease payments were \$21,600.

**5. Administrative Office of the Courts (AOC)**

On July 1, 2021, McLean County began leasing office space to Administrative Office of the Courts (AOC). The lease is for one year and the county will receive quarterly payments of \$20,414. The McLean County Fiscal Court recognized \$81,660 in lease revenue during the current fiscal year related to this lease.

**MCLEAN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 5. Leases (Continued)**

**B. Lessee (Continued)**

**1. Dispatch Copier**

On August 14, 2020, McLean County entered into a sixty-three-month lease agreement as lessee for the use of a copier. An initial lease liability was recorded in the amount of \$755 during the current fiscal year, which is monthly payments of \$63. As of June 30, 2022, the value of the lease had been satisfied for the current fiscal year. The lease value of the outstanding payments is \$2,516.

The future principal and interest lease payments as of June 30, 2022, were as follows:

Fiscal Year Ended June 30	Amount
2023	\$ 755
2024	755
2025	755
2026	251
	\$ 2,516

**Note 6. Short-term Debt**

**A. Direct Borrowings**

**Line of Credit**

On July 27, 2021, 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 3.50%. One payment of all outstanding principal plus all accrued unpaid interest is due on July 27, 2022. Regular quarterly payments of all accrued interest due as of each payment date, beginning October 27, 2021, 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 2022, draws in the amount of \$421,867 were borrowed against this line of credit and \$421,867 has been paid in principal and \$2,253 in interest, as well as a \$250 loan fee. The balance on the line of credit as of June 30, 2022 was \$0.

**B. Changes In Short-term Debt**

Short-term Debt activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$	\$ 421,867	\$ 421,867	\$	\$
Total Short-term Debt	\$ 0	\$ 421,867	\$ 421,867	\$ 0	\$ 0

**MCLEAN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 7. Long-term Debt**

**A. Direct Borrowings and Direct Placements**

**1. Park Improvements**

On September 8, 2008, the McLean County Fiscal Court entered into a lease agreement with Kentucky Association of Counties Leasing Trust in the amount of \$275,000 for the purpose of improving county parks. The interest rate is variable, with payments due monthly for 25 years. There are no moneys, sources of funds, securities or obligations that have been, or will be, pledged as collateral for the payment of principal, premium, if any, or interest on the lease.

Whenever any event of default has occurred and is continuing, the lessor may (or upon the direction of the credit facility provider shall) or the credit facility provider may, without any further demand or notice, take one or any combination of the following remedial steps:

- (a) Terminate the lease term and give notice to the lessee to vacate or surrender the project within 60 days from the date of such notice;
- (b) Sell or re-lease the project or any portion thereof;
- (c) Recover from the lessee:
  - (i) The lease rental payments which would otherwise have been payable hereunder during any period in which the lessee continues to use, occupy or retain possession of the project; and
  - (ii) Lease rental payments which would otherwise have been payable hereunder after the lessee vacates or surrenders the project during the remainder of the fiscal year in which such event of default occurs; or
- (d) 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 and any collateral documents (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), subject, however, to the limitations contained in this lease with respect to the lessee's obligations upon the occurrence of an event of nonappropriation; 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 limitation thereon contained in this lease) and to recover damages for the breach thereof.

The principal balance at June 30, 2022 was \$0.

**2. Courthouse Renovations Refinance**

On November 30, 2012, the McLean County Fiscal Court entered into a lease agreement with Kentucky Association of Counties Leasing Trust in the amount of \$220,000 for the purpose of refinancing a lease agreement dated December 3, 2011, by and between the Kentucky Area Development Districts Financing Trust and the County of McLean County, Kentucky, proceeds of which were used to complete the renovations of the McLean County Courthouse. The interest rate is variable, with payments due until February 1, 2028. There are no moneys, sources of funds, securities or obligations that have been, or will be, pledged as collateral for the payment of principal, premium, if any, or interest on the financing agreement.

**MCLEAN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 7. Long-term Debt (Continued)**

**A. Direct Borrowings and Direct Placements (Continued)**

**2. Courthouse Renovations Refinance (Continued)**

Whenever any event of default 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 as 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 an amount sufficient to pay the lease rental payments when and as due;
- (b) Take legal title to, and sell or re-lease the project of 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 at June 30, 2022 was \$0.

**3. Excavator**

On April 25, 2018, the McLean County Fiscal Court entered into a promissory note and loan agreement with First State Bank in the amount of \$115,858 for the purchase of an excavator for the road department. The interest rate is fixed at 2.99%. Payments of principal and interest are due monthly for 48 months. This note is secured by a 2018 John Deere 75G Excavator Model 107728. 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 at June 30, 2022 was \$0.

**4. 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 at June 30, 2022 was \$56,416.

**MCLEAN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 7. Long-term Debt (Continued)**

**A. Direct Borrowings and Direct Placements (Continued)**

**4. Ambulance (Continued)**

Fiscal Year Ending June 30	Principal	Scheduled Interest
2023	\$ 7,906	\$ 2,094
2024	48,510	4,178
Totals	<u>\$ 56,416</u>	<u>\$ 6,272</u>

**5. Eastern Fire Facility**

On December 18, 2020, the McLean County Fiscal Court entered into a lease agreement with Kentucky Association of Counties Leasing Trust in the amount of \$60,000 for the construction of Eastern Fire Department Facility. The interest rate is 3.49%, with payments due annually for five years.

Whenever any event of default referred to in section 12 of the lease agreement has occurred and is continuing, the lessor may, without any further demand or notice, take one of any combination of the following remedial steps:

Terminate the lease term and give notice to the lessee to vacate or surrender the equipment within 60 days from the date of such notice;

Exercise all the rights and remedies of a secured party under the Kentucky Uniform Commercial Code with respect to the equipment and may otherwise repossess and liquidate or realize or foreclose upon the equipment in lawful manner; provided, however, that the lessor may not recover from the lessee any deficiency which may exist following the liquidation of such property;

Sell or re-lease the project of any portion thereof;

Recover from the lessee:

- (1) The equipment payments which would otherwise have been payable hereunder during any period in which the lessee continues to use, occupy or retain possession of the equipment; and
- (2) Equipment payments which would otherwise have been payable by the lessee hereunder after the lessee vacates or surrenders the equipment during the remainder of the fiscal year in which such event of default occurs.

The principal balance at June 30, 2022 was \$0.

**MCLEAN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 7. Long-term Debt (Continued)**

**A. Direct Borrowings and Direct Placements (Continued)**

**6. Heart Monitors**

On February 22, 2021, the McLean County Fiscal Court entered into a lease agreement with Kentucky Association of Counties Leasing Trust in the amount of \$94,950 for the purchase of heart monitors. The interest rate is 3.74%, with payments due annually for five years.

Whenever any event of default referred to in section 12 has occurred and its continuing, the lessor may, without any further demand or notice, take one of any combination of the following remedial steps:

Terminate the lease term and give notice to the lessee to vacate or surrender the equipment within 60 days from the date of such notice;

Exercise all the rights and remedies of a secured party under the Kentucky Uniform Commercial Code with respect to the equipment and may otherwise repossess and liquidate or realize or foreclose upon the equipment in lawful manner; provided, however, that the lessor may not recover from the lessee any deficiency which may exist following the liquidation of such property;

Sell or re-lease the project of any portion thereof;

Recover from the lessee:

- (1) The equipment payments which would otherwise have been payable hereunder during any period in which the lessee continues to use, occupy or retain possession of the equipment; and
- (2) Equipment payments which would otherwise have been payable by the lessee hereunder after the lessee vacates or surrenders the equipment during the remainder of the fiscal year in which such event of default occurs.

The principal balance at June 30, 2022 was \$0.

**7. 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.

**MCLEAN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 7. Long-term Debt (Continued)**

**A. Direct Borrowings and Direct Placements (Continued)**

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

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.

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 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, 2022 was \$1,155,701. Future interest and principal requirements are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2023	\$ 231,494	\$ 15,255
2024	227,375	12,200
2025	233,201	9,198
2026	232,680	6,120
2027	<u>230,951</u>	<u>2,716</u>
Totals	<u>\$ 1,155,701</u>	<u>\$ 45,489</u>

**MCLEAN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 7. Long-term Debt (Continued)**

**A. Direct Borrowings and Direct Placements (Continued)**

**8. 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 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 at June 30, 2022 was \$770,000.

Fiscal Year Ending June 30	Principal	Scheduled Interest
2023	\$ 10,000	\$ 31,614
2024	10,000	31,114
2025		30,864
2026	20,000	30,364
2027	10,000	29,614
2028-2032	120,000	134,070
2033-2037	270,000	90,820
2038-2042	330,000	33,113
Totals	<u>\$ 770,000</u>	<u>\$ 411,573</u>

**MCLEAN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(Continued)**

**Note 7. Long-term Debt (Continued)**

**B. Changes In Long-term Debt**

Long-term Debt activity for the year ended June 30, 2022, was as follows:

	(Restated *) Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements *	\$ 1,780,685	\$ 770,000	\$ 568,568	\$ 1,982,117	\$ 249,400
Total Long-term Debt	<u>\$ 1,780,685</u>	<u>\$ 770,000</u>	<u>\$ 568,568</u>	<u>\$ 1,982,117</u>	<u>\$ 249,400</u>

\* Beginning Balance has been restated by \$7,857, due to the bank adjusting a prior year payment.

**C. Aggregate Debt Schedule**

The amount of required principal and interest payments on long-term obligations at June 30, 2022, were as follows:

Fiscal Year Ended June 30	Direct Borrowings and Direct Placements	
	Principal	Interest
2023	\$ 249,400	\$ 48,963
2024	285,885	47,492
2025	233,201	40,062
2026	252,680	36,484
2027	240,951	32,330
2028-2032	120,000	134,070
2033-2037	270,000	90,820
2038-2042	<u>330,000</u>	<u>33,113</u>
Totals	<u>\$ 1,982,117</u>	<u>\$ 463,334</u>

**Note 8. Commitment Debt**

The McLean County Fiscal Court entered into an Interlocal and Joint Ownership Agreement with the City of Sacramento on August 28, 2020. As part of this agreement, the McLean County Fiscal Court has agreed to pay the unsecured debt at Sacramento Deposit Bank according to the terms of the note from Southern District's fire fund account. This indebtedness was incurred towards the construction (fire station) on the improvements to the real property. The current outstanding balance of the note at June 30, 2022 was \$7,932.

**MCLEAN COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2022**  
**(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 (9) member board of trustees is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2020 was \$434,675, FY 2021 was \$542,469, and FY 2022 was \$539,048.

Nonhazardous

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 6 percent of their salary to be allocated as follows: 5 percent will go to the member's account and 1 percent 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 percent of their annual creditable compensation. Nonhazardous members also contribute 1 percent 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 percent 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 26.95 percent.

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, 2022**  
**(Continued)**

**Note 9. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

<b>Years of Service</b>	<b>% Paid by Insurance Fund</b>	<b>% Paid by Member through Payroll Deduction</b>
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 ten dollars 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 ten dollars 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 percent. 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 percent 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 percent. 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, 2022**  
**(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.

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, 2022, 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, 2022**  
**(Continued)**

**Note 12. Related Party Transactions**

The McLean County Fiscal Court paid \$1,763 for fiscal year June 30, 2022 to a lawn care business owned by a magistrate's son.

**Note 13. Payroll Revolving Account**

The change in the balance of the payroll revolving account, \$48,038, as of June 30, 2022, was added to the general fund cash balance for financial reporting purposes.

**Note 14. Loan From Restricted Funds**

	Beginning Balance Due To Restricted Funds	Payments Made to Restricted Funds	Ending Balance Due To Restricted Funds
Road Fund	\$ 939,024	\$ 939,024	\$
Total Loaned From Restricted Funds	<u>\$ 939,024</u>	<u>\$ 939,024</u>	<u>\$ 0</u>

Beginning in fiscal year 2016 through fiscal year 2019, the former county treasurer made transfers from restricted funds and failed to repay these loans made from the restricted funds.

**Note 15. Prior Period Adjustments**

	General Fund	Eastern Fire Fund
Ending Fund Balances Prior Year	\$ 292,851	\$ 267,083
Prior Year Voided Checks	78	40
Prior Year Senior Citizens Fund	<u>9,249</u>	
Beginning Fund Balances Restated	<u>\$ 302,178</u>	<u>\$ 267,123</u>

**MCLEAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**

**For The Year Ended June 30, 2022**

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**MCLEAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**

**For The Year Ended June 30, 2022**

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 1,843,500	\$ 1,965,870	\$ 1,929,027	\$ (36,843)
Excess Fees	46,380	158,615	158,615	
Licenses and Permits	3,700	3,700	4,262	562
Intergovernmental	288,144	342,446	845,545	503,099
Charges for Services	61,900	61,900	60,588	(1,312)
Miscellaneous	1,108,410	1,120,649	782,502	(338,147)
Interest	3,250	3,888	3,326	(562)
Total Receipts	3,355,284	3,657,068	3,783,865	126,797
<b>DISBURSEMENTS</b>				
General Government	1,345,366	1,474,090	1,313,220	160,870
Protection to Persons and Property	21,321	25,621	21,987	3,634
General Health and Sanitation	156,650	175,650	145,841	29,809
Social Services	1,045,748	954,792	156,289	798,503
Recreation and Culture	80,200	158,906	149,735	9,171
Debt Service	519,000	617,634	114,181	503,453
Administration	958,428	1,008,713	821,318	187,395
Total Disbursements	4,126,713	4,415,406	2,722,571	1,692,835
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(771,429)	(758,338)	1,061,294	1,819,632
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	1,026,429	1,026,429	442,188	(584,241)
Transfers To Other Funds	(1,154,000)	(1,544,436)	(1,083,803)	460,633
Borrowed Money	499,000	876,345	377,345	(499,000)
Total Other Adjustments to Cash (Uses)	371,429	358,338	(264,270)	(622,608)
Net Change in Fund Balance	(400,000)	(400,000)	797,024	1,197,024
Fund Balance - Beginning (Restated)	400,000	400,000	329,371	(70,629)
Fund Balance - Ending	\$ 0	\$ 0	\$ 1,126,395	\$ 1,126,395

**MCLEAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

	<b>ROAD FUND</b>			
	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts,</u> <u>(Budgetary</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Basis)</u>	
<b>RECEIPTS</b>				
Taxes	\$ 126,000	\$ 126,000	\$ 133,403	\$ 7,403
Intergovernmental	1,432,526	1,516,577	1,455,426	(61,151)
Miscellaneous	500	1,437	1,588	151
Interest	500	500	115	(385)
Total Receipts	<u>1,559,526</u>	<u>1,644,514</u>	<u>1,590,532</u>	<u>(53,982)</u>
<b>DISBURSEMENTS</b>				
General Government	14,400	14,400	14,400	
General Health and Sanitation	19,500	44,272	41,216	3,056
Roads	1,098,610	2,109,056	1,085,631	1,023,425
Debt Service	31,000	25,500	25,498	2
Administration	1,369,587	439,548	192,435	247,113
Total Disbursements	<u>2,533,097</u>	<u>2,632,776</u>	<u>1,359,180</u>	<u>1,273,596</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(973,571)</u>	<u>(988,262)</u>	<u>231,352</u>	<u>1,219,614</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	800,000	800,000	939,024	139,024
Transfers To Other Funds	<u>(226,429)</u>	<u>(226,429)</u>	<u>(226,429)</u>	
Total Other Adjustments to Cash (Uses)	<u>573,571</u>	<u>573,571</u>	<u>712,595</u>	<u>139,024</u>
Net Change in Fund Balance	(400,000)	(414,691)	943,947	1,358,638
Fund Balance - Beginning	<u>400,000</u>	<u>414,691</u>	<u>416,051</u>	<u>1,360</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,359,998</u>	<u>\$ 1,359,998</u>

**MCLEAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

<b>JAIL FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 81,200	\$ 81,470	\$ 82,400	\$ 930
Miscellaneous	8,500	8,500	2,340	(6,160)
Interest	20	20	5	(15)
Total Receipts	89,720	89,990	84,745	(5,245)
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	174,940	179,865	174,267	5,598
Administration	38,780	34,125	26,010	8,115
Total Disbursements	213,720	213,990	200,277	13,713
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(124,000)	(124,000)	(115,532)	8,468
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	89,000	89,000	116,000	27,000
Total Other Adjustments to Cash (Uses)	89,000	89,000	116,000	27,000
Net Change in Fund Balance	(35,000)	(35,000)	468	35,468
Fund Balance - Beginning	35,000	35,000	15,412	(19,588)
Fund Balance - Ending	\$ 0	\$ 0	\$ 15,880	\$ 15,880

**MCLEAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

<b>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 65,000	\$ 82,475	\$ 82,475	\$
Miscellaneous	1,000	1,000		(1,000)
Interest	250	250	71	(179)
Total Receipts	66,250	83,725	82,546	(1,179)
<b>DISBURSEMENTS</b>				
General Government	65,700	81,700	78,510	3,190
Protection to Persons and Property	20,000	95,500	95,106	394
Social Services	25,000	29,000	19,940	9,060
Debt Service	40,950	36,950	33,332	3,618
Administration	39,600	18,883	694	18,189
Total Disbursements	191,250	262,033	227,582	34,451
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(125,000)	(178,308)	(145,036)	33,272
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			45,565	45,565
Transfers To Other Funds			(9,113)	(9,113)
Total Other Adjustments to Cash (Uses)			36,452	36,452
Net Change in Fund Balance	(125,000)	(178,308)	(108,584)	69,724
Fund Balance - Beginning	125,000	178,308	193,586	15,278
Fund Balance - Ending	\$ 0	\$ 0	\$ 85,002	\$ 85,002

**MCLEAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

<b>CAPITAL PROJECTS FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>DISBURSEMENTS</b>				
Debt Service	\$	\$ 390,436	\$ 377,345	\$ 13,091
Capital Projects		850,000	813,588	36,412
Total Disbursements		1,240,436	1,190,933	49,503
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(1,240,436)	(1,190,933)	49,503
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds		770,000	770,000	
Discount on Lease		80,000	80,000	
Transfers From Other Funds		390,436	377,345	(13,091)
Total Other Adjustments to Cash (Uses)		1,240,436	1,227,345	(13,091)
Net Change in Fund Balance			36,412	36,412
Fund Balance - Ending	\$ 0	\$ 0	\$ 36,412	\$ 36,412

**MCLEAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

<b>STATE GRANTS FUND</b>			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)
	Original	Final	
			Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>			
Intergovernmental	\$	\$ 101,938	\$ 101,938
Total Receipts		101,938	101,938
<b>DISBURSEMENTS</b>			
Administration		57,415	57,415
Total Disbursements		57,415	57,415
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		44,523	101,938
			57,415
<b>Other Adjustments to Cash (Uses)</b>			
Transfers To Other Funds		(44,523)	(101,938)
Total Other Adjustments to Cash (Uses)		(44,523)	(101,938)
Fund Balance - Ending	\$ 0	\$ 0	\$ 0

**MCLEAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

<b>FEDERAL GRANTS FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 255,238	\$ 1,349,414	\$ 978,008	\$ (371,406)
Miscellaneous			2	2
Total Receipts	255,238	1,349,414	978,010	(371,404)
<b>DISBURSEMENTS</b>				
General Government		200,000	50,000	150,000
Protection to Persons and Property	255,238	255,353	240,750	14,603
General Health and Sanitation		133,000		133,000
Recreation and Culture		92,900		92,900
Capital Projects		548,161	38,099	510,062
Administration		120,000	102,085	17,915
Total Disbursements	255,238	1,349,414	430,934	918,480
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			547,076	547,076
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds			(14,490)	(14,490)
Total Other Adjustments to Cash (Uses)			(14,490)	(14,490)
Net Change in Fund Balance			532,586	532,586
Fund Balance - Beginning			1,134,926	1,134,926
Fund Balance - Ending	\$ 0	\$ 0	\$ 1,667,512	\$ 1,667,512

**MCLEAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

<b>AMBULANCE FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Charges for Services	\$ 637,000	\$ 696,200	\$ 749,960	\$ 53,760
Miscellaneous	500	59,266	62,172	2,906
Interest	50	250	349	99
Total Receipts	637,550	755,716	812,481	56,765
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	668,150	685,292	590,373	94,919
Debt Service	33,500	109,500	108,965	535
Administration	285,900	497,932	244,509	253,423
Total Disbursements	987,550	1,292,724	943,847	348,877
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(350,000)	(537,008)	(131,366)	405,642
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	170,000	170,000	177,900	7,900
Total Other Adjustments to Cash (Uses)	170,000	170,000	177,900	7,900
Net Change in Fund Balance	(180,000)	(367,008)	46,534	413,542
Fund Balance - Beginning	180,000	367,008	367,009	1
Fund Balance - Ending	\$ 0	\$ 0	\$ 413,543	\$ 413,543

**MCLEAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

<b>FIRE DEPARTMENT FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Interest	\$	\$	2	2
Total Receipts			2	2
<b>DISBURSEMENTS</b>				
Administration	30,956	30,956		30,956
Total Disbursements	30,956	30,956		30,956
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(30,956)	(30,956)	2	30,958
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds			(30,879)	(30,879)
Total Other Adjustments to Cash (Uses)			(30,879)	(30,879)
Net Change in Fund Balance	(30,956)	(30,956)	(30,877)	79
Fund Balance - Beginning	30,956	30,956	30,877	(79)
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

**MCLEAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

**LOCAL GOVERNMENT ECONOMIC DEVELOPMENT FUND**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts,</u> <u>(Budgetary</u>	<u>Final Budget</u>
			<u>Basis)</u>	<u>Positive</u>
				<u>(Negative)</u>
<b>RECEIPTS</b>				
Intergovernmental	\$ 900,000	\$ 900,000	\$ 815,846	\$ (84,154)
Interest	150	150		(150)
Total Receipts	<u>900,150</u>	<u>900,150</u>	<u>815,846</u>	<u>(84,304)</u>
<b>DISBURSEMENTS</b>				
Debt Service		93,740		93,740
Administration	<u>100,150</u>	<u>6,410</u>		<u>6,410</u>
Total Disbursements	<u>100,150</u>	<u>100,150</u>		<u>100,150</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>800,000</u>	<u>800,000</u>	<u>815,846</u>	<u>15,846</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			2	2
Transfers To Other Funds	<u>(800,000)</u>	<u>(800,000)</u>	<u>(815,846)</u>	<u>(15,846)</u>
Total Other Adjustments to Cash (Uses)	<u>(800,000)</u>	<u>(800,000)</u>	<u>(815,844)</u>	<u>(15,844)</u>
Net Change in Fund Balance			<u>2</u>	<u>2</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2</u>	<u>\$ 2</u>

**MCLEAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

<b>911 FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 150,000	\$ 150,000	\$ 166,607	\$ 16,607
Charges for Services	150,000	193,465	224,027	30,562
Interest	15	15	8	(7)
Total Receipts	300,015	343,480	390,642	47,162
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	276,510	387,588	325,708	61,880
Debt Service		45,023	44,894	129
Administration	126,505	142,012	99,489	42,523
Total Disbursements	403,015	574,623	470,091	104,532
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(103,000)	(231,143)	(79,449)	151,694
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds		44,523	44,522	(1)
Transfers From Other Funds	95,000	139,523	89,523	(50,000)
Total Other Adjustments to Cash (Uses)	95,000	184,046	134,045	(50,001)
Net Change in Fund Balance	(8,000)	(47,097)	54,596	101,693
Fund Balance - Beginning	8,000	47,097	47,097	
Fund Balance - Ending	\$ 0	\$ 0	\$ 101,693	\$ 101,693

**MCLEAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

<b>WESTERN FIRE DEPARTMENT FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 16,000	\$ 16,000	\$ 11,000	\$ (5,000)
Charges for Services	28,000	28,954	29,090	136
Miscellaneous	2,100	2,275	425	(1,850)
Interest	50	50	34	(16)
Total Receipts	46,150	47,279	40,549	(6,730)
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	56,800	81,800	67,733	14,067
Administration	57,000	37,348		37,348
Total Disbursements	113,800	119,148	67,733	51,415
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(67,650)	(71,869)	(27,184)	44,685
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			22,258	22,258
Total Other Adjustments to Cash (Uses)			22,258	22,258
Net Change in Fund Balance	(67,650)	(71,869)	(4,926)	66,943
Fund Balance - Beginning	67,650	71,869	101,408	29,539
Fund Balance - Ending	\$ 0	\$ 0	\$ 96,482	\$ 96,482

**MCLEAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

<b>CENTRAL FIRE DEPARTMENT FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 21,000	\$ 21,000	\$ 18,000	\$ (3,000)
Charges for Services	56,000	56,000	55,528	(472)
Miscellaneous	2,100	2,100	1	(2,099)
Interest	50	50	23	(27)
Total Receipts	<u>79,150</u>	<u>79,150</u>	<u>73,552</u>	<u>(5,598)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	40,079	40,579	23,018	17,561
Administration	155,366	216,056		216,056
Total Disbursements	<u>195,445</u>	<u>256,635</u>	<u>23,018</u>	<u>233,617</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(116,295)</u>	<u>(177,485)</u>	<u>50,534</u>	<u>228,019</u>
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			8,667	8,667
Total Other Adjustments to Cash (Uses)			<u>8,667</u>	<u>8,667</u>
Net Change in Fund Balance	(116,295)	(177,485)	59,201	236,686
Fund Balance - Beginning	<u>116,295</u>	<u>177,485</u>	<u>192,187</u>	<u>14,702</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 251,388</u>	<u>\$ 251,388</u>

**MCLEAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

<b>EASTERN FIRE DEPARTMENT FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 21,000	\$ 21,000	\$	\$ (21,000)
Charges for Services	32,000	32,000	31,975	(25)
Miscellaneous	100	100		(100)
Interest	50	50	1	(49)
Total Receipts	53,150	53,150	31,976	(21,174)
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	18,850	18,850	4,523	14,327
Debt Service	10,400	13,301	13,301	
Administration	231,664	304,013	292,020	11,993
Total Disbursements	260,914	336,164	309,844	26,320
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(207,764)	(283,014)	(277,868)	5,146
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds	60,000	60,000		(60,000)
Transfers From Other Funds			63,032	63,032
Total Other Adjustments to Cash (Uses)	60,000	60,000	63,032	3,032
Net Change in Fund Balance	(147,764)	(223,014)	(214,836)	8,178
Fund Balance - Beginning (Restated)	147,764	223,014	267,123	44,109
Fund Balance - Ending	\$ 0	\$ 0	\$ 52,287	\$ 52,287

**MCLEAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

<b>SOUTHERN FIRE DEPARTMENT FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 11,000	\$ 11,000	\$	\$ (11,000)
Charges for Services	28,000	28,808	28,990	182
Miscellaneous	4,000	4,000		(4,000)
Interest	50	50	15	(35)
Total Receipts	43,050	43,858	29,005	(14,853)
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	27,650	37,650	29,233	8,417
Administration	58,493	49,301	25,000	24,301
Total Disbursements	86,143	86,951	54,233	32,718
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(43,093)	(43,093)	(25,228)	17,865
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds			994	994
Total Other Adjustments to Cash (Uses)			994	994
Net Change in Fund Balance	(43,093)	(43,093)	(24,234)	18,859
Fund Balance - Beginning	43,093	43,093	51,165	8,072
Fund Balance - Ending	\$ 0	\$ 0	\$ 26,931	\$ 26,931

**MCLEAN COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2022**  
**(Continued)**

<b>SOUTHEASTERN FIRE DEPARTMENT FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 11,000	\$ 11,000	\$ 10,500	\$ (500)
Charges for Services	16,000	16,689	16,825	136
Miscellaneous	100	100	51	(49)
Interest	50	50	1	(49)
Total Receipts	<u>27,150</u>	<u>27,839</u>	<u>27,377</u>	<u>(462)</u>
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	29,650	46,650	36,017	10,633
Administration	25,500	15,603		15,603
Total Disbursements	<u>55,150</u>	<u>62,253</u>	<u>36,017</u>	<u>26,236</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(28,000)</u>	<u>(34,414)</u>	<u>(8,640)</u>	<u>25,774</u>
Net Change in Fund Balance	(28,000)	(34,414)	(8,640)	25,774
Fund Balance - Beginning	<u>28,000</u>	<u>34,414</u>	<u>34,414</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 25,774</u>	<u>\$ 25,774</u>

**MCLEAN COUNTY**  
**NOTES TO REGULATORY SUPPLEMENTARY**  
**INFORMATION - BUDGETARY COMPARISON SCHEDULES**

**June 30, 2022**

**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**

Other Adjustments to Cash (Uses) - Budgetary Basis	\$ (264,270)
To adjust for change in payroll revolving account	<u>48,038</u>
Total Other Adjustments to Cash (Uses) - Regulatory Basis	<u><u>\$ (216,232)</u></u>
 Fund Balance - Ending - Budgetary Basis	 \$ 1,126,395
To adjust for the balance of payroll revolving account	<u>20,845</u>
Total Fund Balance - Ending - Regulatory Basis	<u><u>\$ 1,147,240</u></u>

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**MCLEAN COUNTY**  
**SCHEDULE OF CAPITAL ASSETS**  
**Other Information - Regulatory Basis**

**For The Year Ended June 30, 2022**

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**MCLEAN COUNTY**  
**SCHEDULE OF CAPITAL ASSETS**  
**Other Information - Regulatory Basis**

**For The Year Ended June 30, 2022**

The fiscal court reports the following Schedule of Capital Assets:

	(Restated*) Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 1,250,309	\$	\$	\$ 1,250,309
Buildings	8,425,846			8,425,846
Vehicles and Equipment*	2,498,721	18,500		2,517,221
Other Equipment	3,012,819	626,065		3,638,884
Infrastructure	5,592,125	435,634		6,027,759
 Total Capital Assets	 \$ 20,779,820	 \$ 1,080,199	 \$ 0	 \$ 21,860,019

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

**June 30, 2022**

**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 and Equipment	\$ 5,000	10
Infrastructure	\$ 10,000	50

**Note 2. Restatement of Capital Assets Beginning Balance**

Vehicles beginning balance was restated by (\$37,790) due to an error in prior year.

**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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**MIKE HARMON**  
**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, 2022, 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 July 10, 2023.

**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 certain deficiencies in internal control that we consider to be material weaknesses and another deficiency that we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2022-001 and 2022-002 to be material weaknesses.



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)

**Internal Control Over Financial Reporting (Continued)**

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2022-003 to be a significant deficiency.

**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 2022-001.

**Views of Responsible Official and Planned Corrective Action**

McLean County's views and planned corrective action for the findings identified in our audit are included in the accompanying Schedule of Findings and Responses. The county's responses were not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on them.

**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,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal stroke extending to the right.

Mike Harmon  
Auditor of Public Accounts  
Frankfort, Ky

July 10, 2023

**MCLEAN COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2022**

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**MCLEAN COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2022**

FINANCIAL STATEMENT FINDINGS:

2022-001 The McLean County Fiscal Court Did Not Have Adequate Internal Controls Over Disbursements

During fiscal year 2022, the McLean County Fiscal Court had material weaknesses in internal controls and noncompliances over disbursements. The following findings were noted regarding McLean County Fiscal Court's disbursements:

- The McLean County Fiscal Court's purchase order system did not function as designed. Purchase orders were either not issued for purchases or in other instances were issued after the purchases had been made and the invoices were received. We tested 45 transactions totaling \$1,615,358 and noted the following:
  - Two invoices totaling \$171 did not have purchase orders.
  - Twenty-two invoices totaling \$1,122,585 had purchase orders that were prepared after the invoice date.
- The fiscal court paid \$3 in sales tax on one transaction.
- Asphalt delivery tickets were not maintained to support the asphalt invoice.

According to the finance officer, the issues related to the purchase orders occurred due to various reasons. Such as, not realizing purchase orders needed to be issued prior to receiving the invoices for fuel and utilities, and not realizing purchase orders needed to be issued in order to disburse occupational tax refunds. Other disbursements for which purchase orders were not issued timely were for monthly and yearly billings that the finance officer simply forgot to issue the purchase order until she received the invoices. Lastly, some purchase orders were issued by county departments.

The county failed to request the asphalt delivery tickets when the asphalt company stopped providing them. The issues noted above could result in line-items being over budget, claims being paid which are not valid obligations of the fiscal court, inaccurate reporting, and misappropriation of assets.

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 requires a purchase order system for all counties and each county is responsible for ensuring their purchase order system is executed and working properly.

In addition, according to a memorandum from the Department for Local Government (DLG) dated August 4, 2016, "[t]he main purpose of this system is to ensure that purchases can be made if there are sufficient appropriations available within the amount of line items in the county's budget. Because of this, it is a requirement by the State Local Finance Officer that all counties have a purchase order system and follow the guidelines prescribed on Page 54 of the *County Budget Preparation and State Local Finance Officer Policy Manual*." Furthermore, "DLG highly recommends that counties accept the practice of issuing PO's for payroll and utility claims.

Lastly, strong internal controls dictate that purchase orders be issued and approved prior to items being ordered and expenses being incurred to ensure available line-item appropriation exists and adequate supporting documentation is maintained for all disbursements. All vendor invoices should be maintained including any additional supporting documentation (i.e., delivery tickets) and agreed to the corresponding purchase orders.

**MCLEAN COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2022**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-001 The McLean County Fiscal Court Did Not Have Adequate Internal Controls Over Disbursements  
 (Continued)

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We make the following recommendations to the fiscal court:

- Internal control procedures regarding purchase orders should be strengthened by requiring purchase orders be issued prior to purchases being made or services rendered in accordance with DLG requirements and KRS 68.210.
- Sales tax should not be paid on purchases.
- Proper documentation should be maintained for all disbursements to properly support claims.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: McLean County Fiscal Court continues to revise finance policies to adopt a more robust purchase order system and system of account transaction. The adherence to a strict purchase order system will be adopted in the next fiscal year.*

2022-002 Internal Control Deficiencies Exist Over The Reporting Of Liabilities And Debt

---

Material weaknesses existed over the reporting of liabilities and debt of McLean County. The June 30, 2022, outstanding debt balances reported on the fourth quarter financial report were misstated when compared to the actual debt balances confirmed with lenders. In total, \$1,142,573 of outstanding debt was not properly reported on the county's fourth quarter financial report.

The judicial center was refinanced in the prior year and due to a lack of understanding of the new lease requirements the amount of outstanding debt balances reported on the fourth quarter financial report was materially misstated.

Strong internal controls over outstanding debt and liabilities are necessary to ensure accurate financial reporting.

We recommend the McLean County Fiscal Court strengthen internal controls over the reporting of outstanding 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: Our county treasurer will work to update the liabilities ledger and report notes accordingly.*

**MCLEAN COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2022**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-003 The McLean County Treasurer Failed To Properly Reconcile The Payroll Revolving Account

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This is a repeat finding and was included in the prior year audit report as finding 2021-002. The McLean County Fiscal Court uses a clearing bank account for payroll processing. Payroll revolving accounts are established in order 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 county treasurer did not prepare bank reconciliations for the months of May and June 2022.

With the payroll account issues from the past, the county treasurer has not been able to reconcile the account. Also, there were no internal controls in place to ensure the payroll account was being properly reconciled each month. Since the account had not been properly reconciled, the payroll revolving account had an ending balance of \$20,845 as of June 30, 2022.

Good internal controls require timely, accurate reconciliations for bank accounts, and all other reports concerning payroll, to ensure all funds are properly accounted for and to prevent misappropriation of funds and inaccurate financial reporting. 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. Also, KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires monthly bank reconciliations.

We recommend the payroll revolving account be properly reconciled on a monthly basis. 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.

Views of Responsible Official and Planned Corrective Action:

*County Judge/Executive's Response: The county treasurer continues to rectify and improve practices that have been lacking in McLean County for some time. With that, our treasurer has received training and guidance from both the Department for Local Government and fellow treasurers regarding payroll reconciliation.*

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

**MCLEAN COUNTY FISCAL COURT**


**For The Year Ended June 30, 2022**

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

For The Year Ended June 30, 2022

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.

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County Judge/Executive

A handwritten signature in blue ink, reading "Belinda Stinson", written over a horizontal line.

County Treasurer