

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

**For The Year Ended
June 30, 2023**



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

Independent Auditor's Report

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Curtis Dame, McLean County Judge/Executive
Members of the McLean County Fiscal Court

Report on the Audit of the Financial Statement

Opinions

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances – Regulatory Basis of the McLean County Fiscal Court, for the year ended June 30, 2023, 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, 2023, 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, 2023, 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the McLean County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

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 March 26, 2024, 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 finding:

2023-001 The McLean County Fiscal Court Failed To Implement Adequate Internal Controls To Ensure Complete And Accurate Accounting Records Were Maintained

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

March 26, 2024

MCLEAN COUNTY OFFICIALS**For The Year Ended June 30, 2023****Fiscal Court Members:**

Curtis Dame	County Judge/Executive
Clay Troutman	Magistrate
Robert Bishop	Magistrate
Joseph Lowery	Magistrate
Kristie Bowlds	Magistrate

Other Elected Officials:

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

Appointed Personnel:

Belinda Stirman	County Treasurer
Dana Mason	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, 2023

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

For The Year Ended June 30, 2023

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
RECEIPTS			
Taxes	\$ 2,030,151	\$ 136,118	\$
Excess Fees	78,921		
Licenses and Permits	4,367		
Intergovernmental	780,931	1,551,656	79,662
Charges for Services	61,607		
Miscellaneous	648,669	11,991	5,371
Interest	6,516	3,529	208
Total Receipts	<u>3,611,162</u>	<u>1,703,294</u>	<u>85,241</u>
DISBURSEMENTS			
General Government	1,406,880		
Protection to Persons and Property	79,520		181,479
General Health and Sanitation	284,815	36,004	
Social Services	903,501		
Recreation and Culture	47,429		
Roads		1,756,990	
Debt Service			
Capital Projects			
Administration	776,803	190,374	29,279
Total Disbursements	<u>3,498,948</u>	<u>1,983,368</u>	<u>210,758</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>112,214</u>	<u>(280,074)</u>	<u>(125,517)</u>
Other Adjustments to Cash (Uses)			
Transfers From Other Funds	254,489	10,118	184,133
Transfers To Other Funds	(436,147)	(254,489)	
Total Other Adjustments to Cash (Uses)	<u>(181,658)</u>	<u>(244,371)</u>	<u>184,133</u>
Net Change in Fund Balance	(69,444)	(524,445)	58,616
Fund Balance - Beginning (Restated)	<u>1,126,395</u>	<u>1,359,998</u>	<u>15,880</u>
Fund Balance - Ending	<u>\$ 1,056,951</u>	<u>\$ 835,553</u>	<u>\$ 74,496</u>
Composition of Fund Balance			
Bank Balance	\$ 1,074,789	\$ 839,574	\$ 74,494
Plus: Deposits In Transit			2
Less: Outstanding Checks	(17,838)	(4,021)	
Certificates of Deposit			
Fund Balance - Ending	<u>\$ 1,056,951</u>	<u>\$ 835,553</u>	<u>\$ 74,496</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, 2023
(Continued)

Budgeted Funds						
Local Government Economic Assistance Fund	Capital Projects Fund	State Grants Fund	Federal Grants Fund	Ambulance Fund	Local Government Economic Development Fund	County Clerk Storage Fees Fund
\$	\$	\$	\$	\$	\$	\$
93,966		69,251	519,619		25,543	
	9,036			858,736		
177	55		2,259	41,103		14,050
<u>94,143</u>	<u>9,091</u>	<u>69,251</u>	<u>521,878</u>	<u>2,498</u>	<u>25,543</u>	<u>46</u>
95,258			1,293,192			
			98,805	754,877		
14,205						
32,977						
8,285						
				10,000		
1,348	81,501		366,212			
<u>152,073</u>	<u>81,501</u>		<u>1,500</u>	<u>226,407</u>		
<u>(57,930)</u>	<u>(72,410)</u>	<u>69,251</u>	<u>(1,237,831)</u>	<u>(88,947)</u>	<u>25,543</u>	<u>14,096</u>
	60,000		71,846	110,050		
		(69,251)				
	<u>60,000</u>	<u>(69,251)</u>	<u>71,846</u>	<u>110,050</u>		
(57,930)	(12,410)		(1,165,985)	21,103	25,543	14,096
85,002	36,412		1,667,512	413,814	2	
<u>\$ 27,072</u>	<u>\$ 24,002</u>	<u>\$ 0</u>	<u>\$ 501,527</u>	<u>\$ 434,917</u>	<u>\$ 25,545</u>	<u>\$ 14,096</u>
\$ 27,525	\$ 24,002	\$	\$ 501,527	\$ 436,748	\$ 25,545	\$ 14,096
(453)				(1,831)		
<u>\$ 27,072</u>	<u>\$ 24,002</u>	<u>\$ 0</u>	<u>\$ 501,527</u>	<u>\$ 434,917</u>	<u>\$ 25,545</u>	<u>\$ 14,096</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, 2023
(Continued)

	Budgeted Funds			
	National Opioid Settlement Fund	911 Fund	Western Fire Department Fund	Central Fire Department Fund
RECEIPTS				
Taxes	\$	\$	\$	\$
Excess Fees				
Licenses and Permits				
Intergovernmental		164,952	20,290	
Charges for Services		239,497	29,065	55,996
Miscellaneous			2,296	3,646
Interest	66,242	532	218	1,808
Total Receipts	<u>66,242</u>	<u>404,981</u>	<u>51,869</u>	<u>61,450</u>
DISBURSEMENTS				
General Government				
Protection to Persons and Property		328,962	68,759	28,877
General Health and Sanitation				
Social Services				
Recreation and Culture				
Roads				
Debt Service				
Capital Projects				
Administration	40	89,444		
Total Disbursements	<u>40</u>	<u>418,406</u>	<u>68,759</u>	<u>28,877</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>66,202</u>	<u>(13,425)</u>	<u>(16,890)</u>	<u>32,573</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds		69,251		11,500
Transfers To Other Funds				
Total Other Adjustments to Cash (Uses)		<u>69,251</u>		<u>11,500</u>
Net Change in Fund Balance	66,202	55,826	(16,890)	44,073
Fund Balance - Beginning (Restated)		101,711	96,482	251,388
Fund Balance - Ending	<u>\$ 66,202</u>	<u>\$ 157,537</u>	<u>\$ 79,592</u>	<u>\$ 295,461</u>
Composition of Fund Balance				
Bank Balance	\$ 66,202	\$ 158,150	\$ 79,757	\$ 181,520
Plus: Deposits In Transit				
Less: Outstanding Checks		(613)	(165)	(1,839)
Certificates of Deposit				115,780
Fund Balance - Ending	<u>\$ 66,202</u>	<u>\$ 157,537</u>	<u>\$ 79,592</u>	<u>\$ 295,461</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, 2023
(Continued)

Budgeted Funds			Unbudgeted Fund	
Eastern Fire Department Fund	Southern Fire Department Fund	Southeastern Fire Department Fund	Justice Center Corporation Fund	Total Funds
\$	\$	\$	\$	\$ 2,166,269
				78,921
				4,367
11,000	32,500		246,749	3,596,119
31,586	28,830	16,431		1,321,748
2,070	2,005	2,000		742,237
309	172	116		84,685
<u>44,965</u>	<u>63,507</u>	<u>18,547</u>	<u>246,749</u>	<u>7,994,346</u>
				2,795,330
22,313	25,590	13,330		1,602,512
				335,024
				936,478
				55,714
				1,756,990
			246,749	256,749
				447,713
				1,315,195
<u>22,313</u>	<u>25,590</u>	<u>13,330</u>	<u>246,749</u>	<u>9,501,705</u>
<u>22,652</u>	<u>37,917</u>	<u>5,217</u>		<u>(1,507,359)</u>
11,000				782,387
	(22,500)			(782,387)
<u>11,000</u>	<u>(22,500)</u>			
33,652	15,417	5,217		(1,507,359)
52,287	26,931	25,774		5,259,588
<u>\$ 85,939</u>	<u>\$ 42,348</u>	<u>\$ 30,991</u>	<u>\$ 0</u>	<u>\$ 3,752,229</u>
\$ 85,939	\$ 43,302	\$ 31,057	\$	\$ 3,664,227
				2
	(954)	(66)		(27,780)
				115,780
<u>\$ 85,939</u>	<u>\$ 42,348</u>	<u>\$ 30,991</u>	<u>\$ 0</u>	<u>\$ 3,752,229</u>

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

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TO THE FINANCIAL STATEMENT**

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**MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2023

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, 2023
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Unbudgeted Funds

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, 2023
(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, 2023
(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, 2023, 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 2023.

	General Fund	Road Fund	State Grants Fund	Southern Fire Department Fund	Total Transfers In
General Fund	\$	\$ 254,489	\$	\$	\$ 254,489
Road Fund	10,118				10,118
Jail Fund	184,133				184,133
Capital Projects Fund	60,000				60,000
Federal Grants Fund	71,846				71,846
Ambulance Fund	110,050				110,050
911 Fund			69,251		69,251
Central Fire Department Fund				11,500	11,500
Eastern Fire Department Fund				11,000	11,000
Total Transfers Out	<u>\$ 436,147</u>	<u>\$ 254,489</u>	<u>\$ 69,251</u>	<u>\$ 22,500</u>	<u>\$ 782,387</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, 2023
(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, 2023, was \$496. This balance is included in the general fund balance of \$1,056,951.

Note 5. Leases

A. Lessor

1. Christina Woodburn Farm

On March 4, 2023, McLean County leased tracts of land to Alan Woodburn. The lease is for five years and the county will receive annual payments of \$1,625. The McLean County Fiscal Court recognized \$1,625 in lease revenue during the current fiscal year related to this lease. As of June 30, 2023, receivable lease payments was \$6,500.

2. Bryan Austin

On January 26, 2021, McLean County began leasing tracts of land to Bryan Austin. The lease is for five years and the county will receive annual payments of \$50. The McLean County Fiscal Court recognized \$50 in lease revenue during the current fiscal year related to this lease. As of June 30, 2023, receivable lease payments was \$100.

3. PJ Murphy

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

4. Health First

On June 1, 2021, McLean County began leasing office space to Health First. The lease is for five years and the county will receive annual payments of \$7,200. The McLean County Fiscal Court recognized \$7,200 in lease revenue during the current fiscal year related to this lease. As of June 30, 2023, receivable lease payments was \$21,000.

5. Administrative Office of the Courts (AOC)

On July 1, 2022, 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 \$21,883. The McLean County Fiscal Court recognized \$99,852 in lease revenue during the current fiscal year related to this lease.

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 5. Leases (Continued)

B. Lessee

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 \$3,963 during the current fiscal year, which is monthly payments of \$63. As of June 30, 2023, the value of the lease had been satisfied for the current fiscal year. The lease value of the outstanding payments is \$1,761.

Fiscal Year Ended June 30	Amount
2024	\$ 755
2025	755
2026	251
Total Lease Payments	<u>\$ 1,761</u>

2. Dispatch Phone System

On July 28, 2022, McLean County entered into a sixty month lease agreement as lessee for the use of a phone system. An initial lease liability was recorded in the amount of \$104,100 during the current fiscal year, which is monthly payments of \$20,820. As of June 30, 2023, the value of the lease had been satisfied for the current fiscal year. The lease value of the outstanding payments is \$83,280.

Fiscal Year Ended June 30	Amount
2024	\$ 20,820
2025	20,820
2026	20,820
2027	20,820
Total Lease Payments	<u>\$ 83,280</u>

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

A. SBITA – FiscalBooks Accounting Subscription

In January 2021, the McLean County Fiscal Court entered into a subscription-based technology arrangement for accounting software in the finance department. The subscription terms are twenty years totaling \$14,995, and the McLean County Fiscal Court will receive the right-to-use subscription asset (intangible asset). As of June 30, 2023, the value of the subscription liability was \$0.

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

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

B. SBITA – FiscalPay Accounting Subscription

In January 2021, the McLean County Fiscal Court entered into a subscription-based technology arrangement for accounting software in the finance department. The subscription terms are twenty years totaling \$14,995, and the McLean County Fiscal Court will receive the right-to-use subscription asset (intangible asset). As of June 30, 2023, the value of the subscription liability was \$0.

C. SBITA – FiscalExpress Accounting Subscription

In January 2021, the McLean County Fiscal Court entered into a subscription-based technology arrangement for accounting software in the finance department. The subscription terms are twenty years totaling \$9,995, and the McLean County Fiscal Court will receive the right-to-use subscription asset (intangible asset). As of June 30, 2023, the value of the subscription liability was \$0.

D. SBITA – FiscalTax Accounting Subscription

In July 2017, the McLean County Fiscal Court entered into a subscription-based technology arrangement for accounting software in the finance department. The subscription terms are twenty years totaling \$14,995, and the McLean County Fiscal Court will receive the right-to-use subscription asset (intangible asset). As of June 30, 2023, the value of the subscription liability was \$0.

Note 7. Short-term Debt

A. Direct Borrowing

Line of Credit

On September 19, 2022, 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 4.230%. One payment of all outstanding principal plus all accrued unpaid interest is due on September 19, 2023. Regular quarterly payments of all accrued interest 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 2023, the McLean County Fiscal did not have any draws that were borrowed against this line of credit. The balance on the line of credit as of June 30, 2023 was \$0.

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 8. Long-term Debt

A. Direct Borrowings and Direct Placements

1. Ambulance

On May 29, 2019, the McLean County Fiscal Court entered into a promissory note and loan agreement with First State Bank in the amount of \$90,741 for the purchase of an ambulance. The interest rate is fixed at 3.50%. Payments of principal and interest are due annually for five year 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, 2023, was \$48,866.

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$	\$
2025	<u>48,866</u>	<u>3,899</u>
Totals	<u>\$ 48,866</u>	<u>\$ 3,899</u>

2. First Mortgage Revenue Refunding Bonds, Series 2021A

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

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

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.

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 8. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

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

The justice center corporation issued the bonds to refund the first mortgage refunding revenue bonds, series 2010. The refunding of the series 2010 bonds have been accomplished pursuant to the notice of full optional redemption by U.S. Bank, National Association, the paying agent for the series 2010 bonds (the escrow agent).

The principal balance at June 30, 2023, was \$924,207. Future interest and principal requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 227,375	\$ 12,200
2025	233,201	9,198
2026	232,680	6,120
2027	230,951	3,048
Totals	<u>\$ 924,207</u>	<u>\$ 30,566</u>

3. Energy Savings Project

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

Whenever any event of default 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.

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 8. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

3. Energy Savings Project (Continued)

The principal balance at June 30, 2023, was \$760,000.

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 10,000	\$ 33,514
2025		33,239
2026	20,000	32,739
2027	10,000	31,939
2028	10,000	31,414
2029-2033	160,000	138,033
2034-2038	280,000	87,857
2039-2042	<u>270,000</u>	<u>25,462</u>
Totals	<u>\$ 760,000</u>	<u>\$ 414,197</u>

B. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	<u>\$ 1,982,117</u>	<u>\$</u>	<u>\$ 249,044</u>	<u>\$ 1,733,073</u>	<u>\$ 237,375</u>
Total Long-term Debt	<u>\$ 1,982,117</u>	<u>\$ 0</u>	<u>\$ 249,044</u>	<u>\$ 1,733,073</u>	<u>\$ 237,375</u>

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 8. Long-term Debt (Continued)

C. Aggregate Debt Schedule

The amount of required principal and interest payments on long-term obligations at June 30, 2023, were as follows:

Fiscal Year Ended June 30	Direct Borrowings and Direct Placements	
	Principal	Interest
2024	\$ 237,375	\$ 45,713
2025	282,067	46,336
2026	252,680	38,859
2027	240,951	34,988
2028	10,000	31,414
2029-2033	160,000	138,033
2034-2038	280,000	87,857
2039-2042	270,000	25,462
Totals	<u>\$ 1,733,073</u>	<u>\$ 448,662</u>

Note 9. 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, 2023, was \$0.

Note 10. 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 2021 was \$542,469, FY 2022 was \$539,048, and FY 2023 was \$594,899.

Nonhazardous

Nonhazardous covered employees are required to contribute five percent (5%) of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute six percent (6%) of their salary to be allocated as follows: five percent (5%) will go to the member's account and one percent (1%) will go to the Ky. Ret. Sys. insurance fund.

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 10. Employee Retirement System (Continued)

Nonhazardous (Continued)

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 five percent (5%) of their annual creditable compensation. Nonhazardous members also contribute one percent (1%) to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Ky. Ret. Sys. Board of Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a (4%) 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 26.79 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:

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

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn 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.

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 10. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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

Once members reach a minimum vesting period of fifteen 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.

E. Death Benefit

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

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

Ky. Ret. Sys. issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

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

MCLEAN COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 11. 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 12. Insurance

For the fiscal year ended June 30, 2023, the McLean County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 13. Related Party Transactions

The McLean County Fiscal Court paid \$1,250 for fiscal year June 30, 2023, to a lawn care business owned by a magistrate's son.

Note 14. Prior Period Adjustments

	General Fund	Ambulance Fund	911 Fund
Ending Fund Balances Prior Year	\$ 1,147,240	\$ 413,543	\$ 101,693
Remove Payroll Revolving Account Balance	(20,845)		
Prior Year Voided Checks		271	18
Beginning Fund Balances Restated	<u>\$ 1,126,395</u>	<u>\$ 413,814</u>	<u>\$ 101,711</u>

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

For The Year Ended June 30, 2023

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MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 1,856,500	\$ 2,045,614	\$ 2,030,151	\$ (15,463)
Excess Fees	56,800	78,921	78,921	
Licenses and Permits	3,700	3,750	4,367	617
Intergovernmental	315,160	438,268	780,931	342,663
Charges for Services	62,400	64,077	61,607	(2,470)
Miscellaneous	1,205,300	1,260,274	648,669	(611,605)
Interest	3,400	5,655	6,516	861
Total Receipts	<u>3,503,260</u>	<u>3,896,559</u>	<u>3,611,162</u>	<u>(285,397)</u>
DISBURSEMENTS				
General Government	1,585,650	1,684,289	1,406,880	277,409
Protection to Persons and Property	25,151	85,201	79,520	5,681
General Health and Sanitation	197,530	400,166	284,815	115,351
Social Services	1,658,280	1,705,980	903,501	802,479
Recreation and Culture	51,500	57,500	47,429	10,071
Debt Service	499,000	499,000		499,000
Administration	1,119,180	1,097,454	776,803	320,651
Total Disbursements	<u>5,136,291</u>	<u>5,529,590</u>	<u>3,498,948</u>	<u>2,030,642</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,633,031)</u>	<u>(1,633,031)</u>	<u>112,214</u>	<u>1,745,245</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds	499,000	499,000		(499,000)
Transfers From Other Funds	223,214	223,214	254,489	31,275
Transfers To Other Funds	(374,183)	(374,183)	(436,147)	(61,964)
Total Other Adjustments to Cash (Uses)	<u>348,031</u>	<u>348,031</u>	<u>(181,658)</u>	<u>(529,689)</u>
Net Change in Fund Balance	(1,285,000)	(1,285,000)	(69,444)	1,215,556
Fund Balance - Beginning (Restated)	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,126,395</u>	<u>(173,605)</u>
Fund Balance - Ending	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 1,056,951</u>	<u>\$ 1,041,951</u>

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 126,000	\$ 126,407	\$ 136,118	\$ 9,711
Intergovernmental	1,482,991	1,753,423	1,551,656	(201,767)
Miscellaneous	500	10,340	11,991	1,651
Interest	500	1,271	3,529	2,258
Total Receipts	<u>1,609,991</u>	<u>1,891,441</u>	<u>1,703,294</u>	<u>(188,147)</u>
DISBURSEMENTS				
General Health and Sanitation	58,672	58,672	36,004	22,668
Roads	1,451,700	2,090,700	1,756,990	333,710
Administration	476,420	877,493	190,374	687,119
Total Disbursements	<u>1,986,792</u>	<u>3,026,865</u>	<u>1,983,368</u>	<u>1,043,497</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(376,801)</u>	<u>(1,135,424)</u>	<u>(280,074)</u>	<u>855,350</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			10,118	10,118
Transfers To Other Funds	<u>(223,214)</u>	<u>(223,214)</u>	<u>(254,489)</u>	<u>(31,275)</u>
Total Other Adjustments to Cash (Uses)	<u>(223,214)</u>	<u>(223,214)</u>	<u>(244,371)</u>	<u>(21,157)</u>
Net Change in Fund Balance	(600,015)	(1,358,638)	(524,445)	834,193
Fund Balance - Beginning	<u>600,015</u>	<u>1,358,638</u>	<u>1,359,998</u>	<u>1,360</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 835,553</u>	<u>\$ 835,553</u>

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 81,200	\$ 81,349	\$ 79,662	\$ (1,687)
Miscellaneous	8,500	8,500	5,371	(3,129)
Interest	20	57	208	151
Total Receipts	<u>89,720</u>	<u>89,906</u>	<u>85,241</u>	<u>(4,665)</u>
DISBURSEMENTS				
Protection to Persons and Property	219,473	247,763	181,479	66,284
Administration	54,380	42,156	29,279	12,877
Total Disbursements	<u>273,853</u>	<u>289,919</u>	<u>210,758</u>	<u>79,161</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(184,133)</u>	<u>(200,013)</u>	<u>(125,517)</u>	<u>74,496</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	184,133	184,133	184,133	
Total Other Adjustments to Cash (Uses)	<u>184,133</u>	<u>184,133</u>	<u>184,133</u>	
Net Change in Fund Balance		(15,880)	58,616	74,496
Fund Balance - Beginning		<u>15,880</u>	<u>15,880</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 74,496</u>	<u>\$ 74,496</u>

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 60,000	\$ 93,966	\$ 93,966	\$
Miscellaneous	1,000	1,000		(1,000)
Interest	250	250	177	(73)
Total Receipts	<u>61,250</u>	<u>95,216</u>	<u>94,143</u>	<u>(1,073)</u>
DISBURSEMENTS				
General Government	36,000	103,503	95,258	8,245
General Health and Sanitation		14,500	14,205	295
Social Services	29,000	37,200	32,977	4,223
Recreation and Culture	10,000	9,500	8,285	1,215
Administration	56,250	15,515	1,348	14,167
Total Disbursements	<u>131,250</u>	<u>180,218</u>	<u>152,073</u>	<u>28,145</u>
Net Change in Fund Balance	(70,000)	(85,002)	(57,930)	27,072
Fund Balance - Beginning	<u>70,000</u>	<u>85,002</u>	<u>85,002</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 27,072</u>	<u>\$ 27,072</u>

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	CAPITAL PROJECTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$		\$ 9,036	\$ 9,036
Interest			55	55
Total Receipts		9,036	9,091	55
DISBURSEMENTS				
Capital Projects		45,000	83,000	81,501
Administration		300,000	271,036	271,036
Total Disbursements		345,000	354,036	81,501
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(345,000)	(345,000)	(72,410)
Other Adjustments to Cash (Uses)				
Transfers From Other Funds		45,000	45,000	60,000
Total Other Adjustments to Cash (Uses)		45,000	45,000	60,000
Net Change in Fund Balance		(300,000)	(300,000)	(12,410)
Fund Balance - Beginning		300,000	300,000	36,412
Fund Balance - Ending	\$	0	\$ 0	\$ 24,002

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	STATE GRANTS FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$	\$ 69,251	\$ 69,251	\$
Total Receipts		69,251	69,251	
DISBURSEMENTS				
Administration		69,251		69,251
Total Disbursements		69,251		69,251
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			69,251	69,251
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			(69,251)	(69,251)
Total Other Adjustments to Cash (Uses)			(69,251)	(69,251)
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	FEDERAL GRANTS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 894,176	\$ 1,023,834	\$ 519,619	\$ (504,215)
Interest		809	2,259	1,450
Total Receipts	<u>894,176</u>	<u>1,024,643</u>	<u>521,878</u>	<u>(502,765)</u>
DISBURSEMENTS				
General Government	894,176	1,342,176	1,293,192	48,984
Protection to Persons and Property		100,000	98,805	1,195
Social Services		26,000		26,000
Capital Projects	99,000	421,000	366,212	54,788
Administration	571,000	805,190	1,500	803,690
Total Disbursements	<u>1,564,176</u>	<u>2,694,366</u>	<u>1,759,709</u>	<u>934,657</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(670,000)</u>	<u>(1,669,723)</u>	<u>(1,237,831)</u>	<u>431,892</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			71,846	71,846
Total Other Adjustments to Cash (Uses)			<u>71,846</u>	<u>71,846</u>
Net Change in Fund Balance	(670,000)	(1,669,723)	(1,165,985)	503,738
Fund Balance - Beginning	<u>670,000</u>	<u>1,667,513</u>	<u>1,667,512</u>	<u>(1)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (2,210)</u>	<u>\$ 501,527</u>	<u>\$ 503,737</u>

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	AMBULANCE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Charges for Services	\$ 702,000	\$ 707,139	\$ 858,736	\$ 151,597
Miscellaneous	500	34,700	41,103	6,403
Interest	50	1,362	2,498	1,136
Total Receipts	<u>702,550</u>	<u>743,201</u>	<u>902,337</u>	<u>159,136</u>
DISBURSEMENTS				
Protection to Persons and Property	753,300	849,700	754,877	94,823
Debt Service	10,000	10,000	10,000	
Administration	349,300	407,194	226,407	180,787
Total Disbursements	<u>1,112,600</u>	<u>1,266,894</u>	<u>991,284</u>	<u>275,610</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(410,050)</u>	<u>(523,693)</u>	<u>(88,947)</u>	<u>434,746</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	110,050	110,050	110,050	
Total Other Adjustments to Cash (Uses)	<u>110,050</u>	<u>110,050</u>	<u>110,050</u>	
Net Change in Fund Balance	(300,000)	(413,643)	21,103	434,746
Fund Balance - Beginning (Restated)	<u>300,000</u>	<u>413,643</u>	<u>413,814</u>	<u>171</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 434,917</u>	<u>\$ 434,917</u>

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

LOCAL GOVERNMENT ECONOMIC DEVELOPEMENT FUND

	<u>Budgeted Amounts</u>		<u>Actual Amounts, (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Intergovernmental	\$ 2,200,000	\$ 2,200,000	\$ 25,543	\$ (2,174,457)
Total Receipts	<u>2,200,000</u>	<u>2,200,000</u>	<u>25,543</u>	<u>(2,174,457)</u>
DISBURSEMENTS				
Recreation and Culture		140,000		140,000
Administration	2,200,000	2,060,000		2,060,000
Total Disbursements	<u>2,200,000</u>	<u>2,200,000</u>		<u>2,200,000</u>
Net Change in Fund Balance			25,543	25,543
Fund Balance - Beginning			<u>2</u>	<u>2</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 25,545</u>	<u>\$ 25,545</u>

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

COUNTY CLERK STORAGE FEES FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$	\$ 12,920	\$ 14,050	\$ 1,130
Interest		10	46	36
Total Receipts		12,930	14,096	1,166
DISBURSEMENTS				
Administration		10,720		10,720
Total Disbursements		10,720		10,720
Net Change in Fund Balance		2,210	14,096	11,886
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 2,210	\$ 14,096	\$ 11,886

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

NATIONAL OPIOID SETTLEMENT FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$	66,202	\$ 66,242	\$ 40
Total Receipts		66,202	66,242	40
DISBURSEMENTS				
Administration		66,202	40	66,162
Total Disbursements		66,202	40	66,162
Net Change in Fund Balance			66,202	66,202
Fund Balance - Beginning				
Fund Balance - Ending	\$	0	\$ 66,202	\$ 66,202

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	911 FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 180,000	\$ 180,000	\$ 164,952	\$ (15,048)
Charges for Services	193,000	208,081	239,497	31,416
Interest	15	145	532	387
Total Receipts	<u>373,015</u>	<u>388,226</u>	<u>404,981</u>	<u>16,755</u>
DISBURSEMENTS				
Protection to Persons and Property	319,210	377,810	328,962	48,848
Debt Service	30,500	30,500		30,500
Administration	135,402	146,609	89,444	57,165
Total Disbursements	<u>485,112</u>	<u>554,919</u>	<u>418,406</u>	<u>136,513</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(112,097)</u>	<u>(166,693)</u>	<u>(13,425)</u>	<u>153,268</u>
Other Adjustments to Cash (Uses)				
Financing Obligation Proceeds	30,000	30,000		(30,000)
Transfers From Other Funds	35,000	35,000	69,251	34,251
Total Other Adjustments to Cash (Uses)	<u>65,000</u>	<u>65,000</u>	<u>69,251</u>	<u>4,251</u>
Net Change in Fund Balance	(47,097)	(101,693)	55,826	157,519
Fund Balance - Beginning (Restated)	<u>47,097</u>	<u>101,693</u>	<u>101,711</u>	<u>18</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 157,537</u>	<u>\$ 157,537</u>

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

WESTERN FIRE DEPARTMENT FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 16,000	\$ 20,290	\$ 20,290	\$
Charges for Services	28,000	28,868	29,065	197
Miscellaneous	2,100	2,296	2,296	
Interest	50	65	218	153
Total Receipts	<u>46,150</u>	<u>51,519</u>	<u>51,869</u>	<u>350</u>
DISBURSEMENTS				
Protection to Persons and Property	82,200	93,700	68,759	24,941
Administration	35,619	39,297		39,297
Total Disbursements	<u>117,819</u>	<u>132,997</u>	<u>68,759</u>	<u>64,238</u>
Net Change in Fund Balance	(71,669)	(81,478)	(16,890)	64,588
Fund Balance - Beginning	<u>71,669</u>	<u>81,478</u>	<u>96,482</u>	<u>15,004</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 79,592</u>	<u>\$ 79,592</u>

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

CENTRAL FIRE DEPARTMENT FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 21,000	\$ 21,000	\$	\$ (21,000)
Charges for Services	56,000	56,000	55,996	(4)
Miscellaneous	2,100	3,745	3,646	(99)
Interest	50	1,305	1,808	503
Total Receipts	<u>79,150</u>	<u>82,050</u>	<u>61,450</u>	<u>(20,600)</u>
DISBURSEMENTS				
Protection to Persons and Property	40,479	44,279	28,877	15,402
Administration	216,156	252,454		252,454
Total Disbursements	<u>256,635</u>	<u>296,733</u>	<u>28,877</u>	<u>267,856</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(177,485)</u>	<u>(214,683)</u>	<u>32,573</u>	<u>247,256</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			11,500	11,500
Total Other Adjustments to Cash (Uses)			<u>11,500</u>	<u>11,500</u>
Net Change in Fund Balance	(177,485)	(214,683)	44,073	258,756
Fund Balance - Beginning	<u>177,485</u>	<u>214,683</u>	<u>251,388</u>	<u>36,705</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 295,461</u>	<u>\$ 295,461</u>

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

EASTERN FIRE DEPARTMENT FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 21,000	\$ 21,000	\$ 11,000	\$ (10,000)
Charges for Services	30,000	31,271	31,586	315
Miscellaneous	100	2,150	2,070	(80)
Interest	50	82	309	227
Total Receipts	<u>51,150</u>	<u>54,503</u>	<u>44,965</u>	<u>(9,538)</u>
DISBURSEMENTS				
Protection to Persons and Property	24,550	40,375	22,313	18,062
Administration	126,600	114,128		114,128
Total Disbursements	<u>151,150</u>	<u>154,503</u>	<u>22,313</u>	<u>132,190</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>22,652</u>	<u>122,652</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			11,000	11,000
Total Other Adjustments to Cash (Uses)			<u>11,000</u>	<u>11,000</u>
Net Change in Fund Balance	(100,000)	(100,000)	33,652	133,652
Fund Balance - Beginning	<u>100,000</u>	<u>100,000</u>	<u>52,287</u>	<u>(47,713)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 85,939</u>	<u>\$ 85,939</u>

BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

SOUTHERN FIRE DEPARTMENT FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 11,000	\$ 32,500	\$ 32,500	\$
Charges for Services	28,000	28,606	28,830	224
Miscellaneous	4,000	4,000	2,005	(1,995)
Interest	50	58	172	114
Total Receipts	<u>43,050</u>	<u>65,164</u>	<u>63,507</u>	<u>(1,657)</u>
DISBURSEMENTS				
Protection to Persons and Property	25,800	38,400	25,590	12,810
Administration	42,250	53,695		53,695
Total Disbursements	<u>68,050</u>	<u>92,095</u>	<u>25,590</u>	<u>66,505</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(25,000)</u>	<u>(26,931)</u>	<u>37,917</u>	<u>64,848</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			<u>(22,500)</u>	<u>(22,500)</u>
Total Other Adjustments to Cash (Uses)			<u>(22,500)</u>	<u>(22,500)</u>
Net Change in Fund Balance	(25,000)	(26,931)	15,417	42,348
Fund Balance - Beginning	<u>25,000</u>	<u>26,931</u>	<u>26,931</u>	<u></u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 42,348</u>	<u>\$ 42,348</u>

MCLEAN COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

SOUTHEASTERN FIRE DEPARTMENT FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 11,000	\$ 11,000	\$	\$ (11,000)
Charges for Services	16,000	16,386	16,431	45
Miscellaneous	100	2,000	2,000	
Interest	50	50	116	66
Total Receipts	<u>27,150</u>	<u>29,436</u>	<u>18,547</u>	<u>(10,889)</u>
DISBURSEMENTS				
Protection to Persons and Property	40,350	40,850	13,330	27,520
Administration	11,800	14,360		14,360
Total Disbursements	<u>52,150</u>	<u>55,210</u>	<u>13,330</u>	<u>41,880</u>
Net Change in Fund Balance	(25,000)	(25,774)	5,217	30,991
Fund Balance - Beginning	<u>25,000</u>	<u>25,774</u>	<u>25,774</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,991</u>	<u>\$ 30,991</u>

MCLEAN COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2023

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.

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

For The Year Ended June 30, 2023

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MCLEAN COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2023

The fiscal court reports the following Schedule of Capital Assets:

	(Restated*) Beginning Balance	Additions	Deletions	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Land	\$ 1,250,309	\$	\$	\$ 1,250,309
Buildings*	9,264,441	1,854,336		11,118,777
Vehicles and Equipment*	2,555,011	276,998		2,832,009
Other Equipment*	3,679,776	1,306,111		4,985,887
Infrastructure	6,027,759	950,739		6,978,498
	<u>\$ 22,777,296</u>	<u>\$ 4,388,184</u>	<u>\$ 0</u>	<u>\$ 27,165,480</u>

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

June 30, 2023

Note 1. Capital Assets

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

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land Improvements	\$ 25,000	50
Buildings and Building Improvements	\$ 25,000	50
Other Equipment	\$ 5,000	10
Vehicles and Equipment	\$ 5,000	10
Infrastructure	\$ 1,000	50

Note 2. Restatement of Capital Assets Beginning Balances

Buildings, vehicles and equipment, and other equipment beginning balances were restated by \$838,595; \$37,790; and \$40,892 respectively for omitted items.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

The Honorable Curtis Dame, McLean County Judge/Executive
Members of the McLean County Fiscal Court

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the McLean County Fiscal Court for the fiscal year ended June 30, 2023, 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 March 26, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the McLean County Fiscal Court's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the McLean County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the McLean County Fiscal Court's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2023-001 to be a material weakness.



Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*
(Continued)

Report on 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Views of Responsible Official and Planned Corrective Action

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

Purpose of this Report

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

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

March 26, 2024

**MCLEAN COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2023

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**MCLEAN COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2023

INTERNAL CONTROL - MATERIAL WEAKNESS:

2023-001 The McLean County Fiscal Court Failed To Implement Adequate Internal Controls To Ensure Complete And Accurate Accounting Records Were Maintained

The internal controls implemented by the fiscal court over the work performed by the county treasurer failed to provide adequate oversight, allowing the following errors to occur:

- The general fund budget was out of balance by \$15,000.
- The schedule of expenditures of federal awards (SEFA) was misstated by \$231,304.
- The fourth quarter financial statement was materially misstated by \$1,315,861.

The fiscal court failed to notice that the general fund budget was out of balance when preparing the budget for fiscal year 2023.

The county treasurer mistakenly used the amount received for the Homeland Security Grant rather than the amount expended for fiscal year 2023 on the SEFA. In addition, state grant reimbursed amounts were incorrectly included as Coronavirus State and Local Fiscal Recovery Funds (SLFPF) expenditures.

When transferring funds from one bank account to another bank account within the same fund the county treasurer incorrectly treated these transactions as interfund transfers in/out instead of inter-account transfers.

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

In addition, because the county treasurer's SEFA was inaccurate, the county is not in compliance with Uniform Guidance section 508. Additionally, the SEFA is the determining factor for whether an entity is required to undergo a single audit in accordance with Uniform Guidance if the entity expends \$750,000 or more in federal funds during its fiscal year. Therefore, it is possible if the SEFA is inaccurately prepared the fiscal court could fail to have a single audit when necessary.

Strong internal controls over the preparation and reporting processes are vital to ensure the fiscal court's financial reports accurately reflect the financial activity of the fiscal court, as well as adherence to applicable laws and regulations.

OMB Uniform Administrative Requirements, Cost Principles and Audit Requirements For Federal Awards 2 CFR 200.508(b) requires the auditee to "[p]repare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with 200.510 Financial statements." 2 CFR 200.510(b) states, in part, "The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with CFR 200.502 Basis for determining Federal awards expended... At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency....
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.

**MCLEAN COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2023
(Continued)**

INTERNAL CONTROL - MATERIAL WEAKNESS: (Continued)

2023-001 The McLean County Fiscal Court Failed To Implement Adequate Internal Controls To Ensure Complete And Accurate Accounting Records Were Maintained (Continued)

- (5) For loan or loan guarantee programs ... identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe the significant accounting policies used in preparing the schedule”

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

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Cash and account balances are crucial for effective financial security for the McLean County Fiscal Court. The court and staff realize that robust policy amendments are needed to strengthen the facilitation of effective internal controls including amendments to specific job duties. The fiscal court is comforted by the fact that this finding is clerical in nature regarding budget appropriation transfers and not materially negative on a cash basis and has not resulted in a cash loss, but rather a misstatement of account values for limited funds. Additionally, the fiscal court has adopted policies related to major interfund and interline transfers to correctly log the creations of both new fund accounts and new checking accounts. Lastly, specific instances of clerical mistakes have allowed for constructive internal policies with the creation of new department policies coupled with software training.

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

MCLEAN COUNTY FISCAL COURT

For The Year Ended June 30, 2023

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CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAM

COUNTY FISCAL COURT

For The Year Ended June 30, 2023

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



County Judge/Executive



County Treasurer