

**REPORT OF THE AUDIT OF THE
BRECKINRIDGE COUNTY
CLERK**

**For The Period April 1, 2017
Through December 31, 2017**



**MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS
www.auditor.ky.gov**

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

CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS	3
NOTES TO FINANCIAL STATEMENT	6
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 <i>GOVERNMENT AUDITING STANDARDS</i>	11
SCHEDULE OF FINDINGS AND RESPONSES	15

THIS PAGE LEFT BLANK INTENTIONALLY



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Maurice Lucas, Breckinridge County Judge/Executive
The Honorable Jared Butler, Breckinridge County Clerk
Members of the Breckinridge County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We have audited the accompanying Statement of Receipts, Disbursements, and Excess Fees - Regulatory Basis of the County Clerk of Breckinridge County, Kentucky, for the period April 1, 2017 through December 31, 2017, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. 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 Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Audit Guide for County Fee Officials* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



The Honorable Maurice Lucas, Breckinridge County Judge/Executive
 The Honorable Jared Butler, Breckinridge County Clerk
 Members of the Breckinridge 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 Breckinridge County Clerk on the basis of the accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting, 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.

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 paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Breckinridge County Clerk, for the period April 1, 2017 through December 31, 2017, or changes in financial position or cash flows thereof for the period then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the Breckinridge County Clerk for the period April 1, 2017 through December 31, 2017, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2018, on our consideration of the Breckinridge County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 Breckinridge County Clerk's internal control over financial reporting and compliance.

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

- 2017-001 The Quarterly Financial Report Was Incorrect
- 2017-002 The County Clerk Lacked Adequate Segregation Of Duties Over Receipts And Reconciliations
- 2017-003 The County Clerk Failed To Properly Settle With The Fiscal Court

Respectfully submitted,



Mike Harmon
 Auditor of Public Accounts

November 28, 2018

BRECKINRIDGE COUNTY
 JARED BUTLER, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS

For The Period April 1, 2017 Through December 31, 2017

Receipts

State Fees For Services		\$ 5,222
Fiscal Court		45,433
Licenses and Taxes:		
Motor Vehicle-		
Licenses and Transfers	\$ 471,645	
Usage Tax	966,965	
Tangible Personal Property Tax	1,184,064	
Notary Fees	2,757	
Other-		
Fish and Game Licenses	4,012	
Marriage Licenses	3,337	
Beer and Liquor Licenses	15,181	
Deed Transfer Tax	50,574	
Delinquent Tax	206,324	2,904,859
Fees Collected for Services:		
Recordings-		
Deeds, Easements, and Contracts	13,595	
Real Estate Mortgages	21,830	
Chattel Mortgages and Financing Statements	43,266	
Powers of Attorney	1,962	
Affordable Housing Trust	18,120	
All Other Recordings	31,346	
Charges for Other Services-		
Copywork	1,560	131,679
Other:		
Miscellaneous		7,006
Interest Earned		207
Total Receipts		3,094,406

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

BRECKINRIDGE COUNTY
 JARED BUTLER, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS
 For The Period April 1, 2017 Through December 31, 2017
 (Continued)

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$ 319,791	
Usage Tax	937,912	
Tangible Personal Property Tax	444,300	

Licenses, Taxes, and Fees-

Fish and Game Licenses	4,617	
Delinquent Tax	16,416	
Legal Process Tax	15,780	
Affordable Housing Trust	18,120	
Miscellaneous	1,800	\$ 1,758,736

Payments to Fiscal Court:

Tangible Personal Property Tax	108,964	
Delinquent Tax	16,586	
Deed Transfer Tax	48,045	
Beer and Liquor Licenses	14,234	187,829

Payments to Other Districts:

Tangible Personal Property Tax	583,866	
Delinquent Tax	109,121	692,987

Payments to Sheriff

17,879

Payments to County Attorney

26,371

Operating Disbursements:

Personnel Services-

Deputies' Salaries	146,254	
--------------------	---------	--

Employee Benefits-

Employer's Share Social Security	15,239	
Employer's Share Retirement	39,850	

Contracted Services-

Business Information Systems	1,950	
------------------------------	-------	--

Materials and Supplies-

Office Supplies	22,150	
-----------------	--------	--

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

BRECKINRIDGE COUNTY
 JARED BUTLER, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS
 For The Period April 1, 2017 Through December 31, 2017
 (Continued)

Disbursements (Continued)

Operating Disbursements: (Continued)

Other Charges-

Conventions and Travel	\$	1,285	
Postage		3,616	
Miscellaneous		5,788	\$ 236,132

Total Disbursements \$ 2,919,934

Net Receipts 174,472

Less: Statutory Maximum 61,535

Excess Fees 112,937

Less: Expense Allowance 2,700

Excess Fees Due County for 2017 110,237

Balance Due Fiscal Court at Completion of Audit * \$ 110,237

* - The county clerk presented checks to the fiscal court for excess fees on April 26, 2018 and November 28, 2018, for \$109,866 and \$371, respectively.

BRECKINRIDGE COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2017

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the county clerk as determined by the audit. KRS 64.152 requires the county clerk to settle excess fees with the fiscal court by March 15 each year.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a special purpose framework. Under this regulatory basis of accounting, receipts and disbursements are generally recognized when cash is received or disbursed, with the exception of accrual of the following items (not all-inclusive) at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2017 services
- Reimbursements for 2017 activities
- Payments due other governmental entities for December tax and fee collections and payroll
- Payments due vendors for goods or services provided in 2017

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the county treasurer in the subsequent year.

C. Cash and Investments

KRS 66.480 authorizes the county clerk's office 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).

Note 2. Employee Retirement System and Other Post-Employment Benefits

The county official and employees have 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 (KRS). 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.

BRECKINRIDGE COUNTY
 NOTES TO FINANCIAL STATEMENT
 December 31, 2017
 (Continued)

Note 2. Employee Retirement System and Other Post-Employment Benefits (Continued)

Nonhazardous covered employees are required to contribute five percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute six percent of their salary to be allocated as follows: five percent will go to the member's account and one percent will go to the KRS insurance fund. The county's contribution rate for nonhazardous employees was 18.68 percent for the first six months and 19.18 percent for the last six months.

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 members contribute five percent of their annual creditable compensation and one 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 Board 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 nonhazardous member's account is credited with a four percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

The county clerk's contribution for calendar year 2015 was \$53,943, calendar year 2016 was \$57,119, and calendar year 2017 was \$39,850.

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.

Health Insurance Coverage

CERS also 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.

BRECKINRIDGE COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2017
(Continued)

Note 2. Employee Retirement System and Other Post-Employment Benefits (Continued)

KRS 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 Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The Breckinridge County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC 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 county clerk 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.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the county clerk's deposits may not be returned. The Breckinridge County Clerk does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 66.480(1)(d) and KRS 41.240. As of December 31, 2017, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4. Escrow Account

The Breckinridge County Clerk's office maintains an escrow bank account in order to deposit long outstanding checks. The beginning balance as of April 1, 2017, was \$504. During the period under audit, funds of \$187 were received and \$0 were disbursed, leaving an ending balance of \$691, as December 31, 2017.

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*

THIS PAGE LEFT BLANK INTENTIONALLY



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Maurice Lucas, Breckinridge County Judge/Executive
The Honorable Jared Butler, Breckinridge County Clerk
Members of the Breckinridge County Fiscal Court

**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

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 Excess Fees - Regulatory Basis of the Breckinridge County Clerk for the period April 1, 2017 through December 31, 2017, and the related notes to the financial statement and have issued our report thereon dated November 28, 2018. The Breckinridge County Clerk's financial statement is prepared on a regulatory basis of accounting, which demonstrates 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.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Breckinridge County Clerk's internal control over financial reporting (internal control) to determine the 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 Breckinridge County Clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of the Breckinridge County Clerk's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2017-001 to be a material weakness.

209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817

TELEPHONE 502.564.5841
FACSIMILE 502.564.2912
WWW.AUDITOR.KY.GOV

AN EQUAL OPPORTUNITY EMPLOYER M / F / D



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 deficiencies described in the accompanying Schedule of Findings and Responses as items 2017-002 and 2017-003 to be significant deficiencies.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Breckinridge County Clerk'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 determination of financial statement amounts. 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

The Breckinridge County Clerk's views and planned corrective action for the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Breckinridge County Clerk'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,



Mike Harmon
Auditor of Public Accounts

November 28, 2018

SCHEDULE OF FINDINGS AND RESPONSES

THIS PAGE LEFT BLANK INTENTIONALLY

BRECKINRIDGE COUNTY
JARED BUTLER, COUNTY CLERK
SCHEDULE OF FINDINGS AND RESPONSES

For The Period April 1, 2017 Through December 31, 2017

INTERNAL CONTROL - MATERIAL WEAKNESS:

2017-001 The Quarterly Financial Report Was Incorrect

When the quarterly financial report was prepared for December 31, 2017, receivables of \$261.86 were omitted and outstanding liabilities of \$145,377.45 were also omitted. Since these items were not received or paid until after December 31, 2017, the bookkeeper left them off of the quarterly financial report. Furthermore, the fourth quarterly report included the first quarter receipts and disbursements, which were for the outgoing county clerk. In addition, the clerk's fourth quarter financial report did not agree to his ledgers. The bookkeeper wasn't aware that she needed to include the activity pertaining to the 2017 fee account that occurred subsequent to December 31, 2017. Additionally, the bookkeeper did not realize she needed to prepare a separate quarterly report for the outgoing and incoming county clerks. Internal controls failed to catch these omissions on the quarterly financial report, resulting in receipts of \$261.86 and disbursements of \$145,377.45 being omitted. Additionally, receipts and disbursements were overstated by \$1,460,573.56 and \$1,420,091.02, respectively, due to including the first quarter activity of the outgoing clerk. Good internal controls promote good business practices providing reasonable assurance that financial records and reports are accurate. The lack of effective internal controls increases the risk that errors and fraud are detected late or possibly remain undetected. We recommend the clerk ensure that all quarterly reports are accurate and that the fourth quarter financial report agrees to the clerk's receipts and disbursements ledger.

County Clerk's Response: The prior clerk and current clerk's quarterly report were in the same year so this should not be an issue in the future.

INTERNAL CONTROL - SIGNIFICANT DEFICIENCIES:

2017-002 The County Clerk Lacked Adequate Segregation Of Duties Over Receipts And Reconciliations

This is a repeat finding and was included in the prior year audit report as finding 2017-001. Deputies prepare motor vehicle reports, collect receipts, and prepare deposits. The bookkeeper prepares ledgers and financial reports, reconciles ledgers, and reconciles checking accounts. According to the county clerk, this condition is a result of a limited budget, which restricts the number of employees the county clerk can hire for accounting functions. Lack of oversight could result in the undetected misappropriation of assets and inaccurate financial reporting to external agencies such as the Department for Local Government. The segregation of duties over various accounting functions such as preparing deposits, recording receipts, reconciling bank statements, and preparing and reconciling quarterly reports, or the implementation of compensating controls is essential for providing protection from asset misappropriation and inaccurate financial reporting. Additionally proper segregation of duties protects employees in the normal course of performing their daily responsibilities. The county clerk should have adequately segregated duties or implemented compensating controls over receipts and reconciliations. We recommend the county clerk's office properly segregate duties or implement sufficient compensating controls to mitigate the increased risk.

County Clerk's Response: Another deputy will double check the bookkeeper.

BRECKINRIDGE COUNTY
JARED BUTLER, COUNTY CLERK
SCHEDULE OF FINDINGS AND RESPONSES
For The Period April 1, 2017 Through December 31, 2017
(Continued)

INTERNAL CONTROL - SIGNIFICANT DEFICIENCIES: (Continued)

2017-003 The County Clerk Failed To Properly Settle With The Fiscal Court

In the period under audit, the county clerk never presented an annual settlement or fourth quarterly report to the fiscal court. On April 23, 2018, the county clerk remitted a check to fiscal court in the amount of \$109,865.68 with no supporting documentation for the settlement amount. According to the bookkeeper, the office was unaware that they needed to provide a quarterly financial statement with the excess fee check presented to the fiscal court since it was in the middle of the year. Inaccurate financial reporting allows opportunity for the county clerk to misrepresent her financial status to the fiscal court and other administrative bodies. KRS 64.152 requires the county clerk to present a complete statement of all funds received by their office and of all expenditures of their office, including the clerk's salary, compensation of deputies and assistants, and reasonable expenses. At the time of this filing, the clerk shall pay to the fiscal court any income of their office, including income from investments, which exceeds the sum of the clerk's maximum salary as permitted by the Constitution and other reasonable expenses, including compensation of deputies and assistants. KRS 64.830 requires each outgoing county official to make a final settlement with the fiscal court for all money received by them as a county official. Additionally, adequate internal controls are essential to providing protection from asset misappropriation, and helping prevent inaccurate financial reporting. We recommend the Breckinridge County Clerk's office ensure that the fourth quarter financial report agree reasonably to the clerk's annual settlement, which should be presented to the fiscal court along with a check for excess fees.

County Clerk's Response: The clerk will provide Fiscal Court with a copy of the quarterly report.