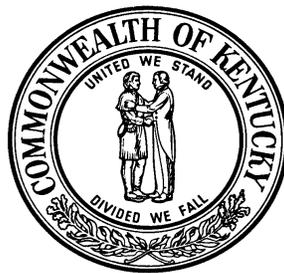


**REPORT OF THE AUDIT OF THE
FORMER CAMPBELL COUNTY
CLERK**

**For The Year Ended
December 31, 2014**



**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**

EXECUTIVE SUMMARY

AUDIT OF THE FORMER CAMPBELL COUNTY CLERK

For The Year Ended
December 31, 2014

The Auditor of Public Accounts has completed the former Campbell County Clerk's audit for the year ended December 31, 2014. Based upon the audit work performed, the financial statements present fairly in all material respects, the receipts and disbursements of the former Campbell County Clerk and the receipts, disbursements, and fund balances of the former Campbell County Clerk's operating fund and county fund with the State Treasurer in conformity with the regulatory basis of accounting.

Financial Condition:

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected are deposited in a county clerk's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected are deposited to the county government fund and paid quarterly to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

The former Campbell County Clerk had total receipts of \$20,806,528, which was a \$150,957 increase from the prior year. Except for reimbursed expenses in the amount of \$119,466 and fiscal court contributions of \$185,203, the former clerk paid 25% of receipts to the Campbell County Fiscal Court in the amount of \$452,331. This was an increase of \$4,435 from the prior year. In addition, 75% fund operating disbursements increased by \$14,910.

Report Comment:

2014-001 The Former County Clerk's Ledger Did Not Agree To Quarterly Reports Or To Daily Deposits

Deposits:

The former county clerk's deposits as of August 6, 2014, were exposed to custodial credit risk as follows:

- Uncollateralized and Uninsured \$97,210

The former county clerk's deposits were covered by FDIC insurance and a properly executed collateral security agreement, but the bank did not adequately collateralize the former county clerk's deposits in accordance with the security agreement.

CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT.....	1
STATEMENT OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS	4
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES OF THE COUNTY CLERK'S OPERATING FUND AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS.....	6
NOTES TO THE FINANCIAL STATEMENTS	8
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	15
COMMENT AND RECOMMENDATION	19



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Steve Pendery, Campbell County Judge/Executive
Honorable Jack Snodgrass, Former Campbell County Clerk
Honorable Jim Luersen, Campbell County Clerk
Members of the Campbell County Fiscal Court

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying Statement of Receipts and Disbursements - Regulatory Basis of the former County Clerk of Campbell County, Kentucky and, the Statement of Receipts, Disbursements, and Fund Balances of the County Clerk's Operating Fund and County Fund with the State Treasurer - Regulatory Basis for the year ended December 31, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements 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 as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 statements.

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



The Honorable Steve Pendery, Campbell County Judge/Executive
Honorable Jack Snodgrass, Former Campbell County Clerk
Honorable Jim Luersen, Campbell County Clerk
Members of the Campbell County Fiscal Court

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by the former Campbell 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 statements 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 Opinions on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above 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 former Campbell County Clerk, as of December 31, 2014, or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the receipts and disbursements of the former clerk and the receipts, disbursements, and fund balances of the former clerk's operating fund and county fund with the state treasurer for the year ended December 31, 2014, 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 May 26, 2016 on our consideration of the former Campbell County Clerk'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 the former Campbell County Clerk's internal control over financial reporting 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 over financial reporting and compliance.

The Honorable Steve Pendery, Campbell County Judge/Executive
Honorable Jack Snodgrass, Former Campbell County Clerk
Honorable Jim Luersen, Campbell County Clerk
Members of the Campbell County Fiscal Court

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

Based on the results of our audit, we have presented the accompanying comment and recommendation, included herein, which discusses the following report comment:

2014-001 The Former County Clerk's Ledger Did Not Agree To Quarterly Reports Or To Daily Deposits

Respectfully submitted,

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

Mike Harmon
Auditor of Public Accounts

May 26, 2016

CAMPBELL COUNTY
 JACK SNODGRASS, FORMER COUNTY CLERK
STATEMENT OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS

For The Year Ended December 31, 2014

Receipts

State Fees For Services		\$ 32,765
Fiscal Court		185,203
Licenses and Taxes:		
Motor Vehicle-		
Licenses and Transfers	\$ 2,079,132	
Usage Tax	7,955,848	
Tangible Personal Property Tax	8,392,773	
Notary Fees	34,512	
Other-		
Marriage Licenses	28,684	
Deed Transfer Tax	312,543	
Delinquent Tax	<u>1,081,893</u>	19,885,385
Fees Collected for Services:		
Recordings-		
Deeds, Easements, and Contracts	44,156	
Real Estate Mortgages	156,627	
Chattel Mortgages and Financing Statements	176,822	
Powers of Attorney	3,887	
Affordable Housing Trust	80,496	
All Other Recordings	66,912	
Charges for Other Services-		
Candidate Filing Fees	2,850	
Copywork	50,684	
Postage	<u>13,462</u>	595,896
Other:		
Miscellaneous	11,767	
Refunds/Overpayments	12,894	
Reimbursements	77,315	
Excess from 2013 Fee Account	<u>4,937</u>	106,913
Interest Earned		<u>366</u>
Total Receipts		20,806,528

CAMPBELL COUNTY
 JACK SNODGRASS, FORMER COUNTY CLERK
 STATEMENT OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS
 For The Year Ended December 31, 2014
 (Continued)

Disbursements

Payments to State:

Motor Vehicle-		
Licenses and Transfers	\$ 1,387,176	
Usage Tax	7,707,324	
Tangible Personal Property Tax	2,427,383	
Licenses, Taxes, and Fees-		
Delinquent Tax	108,367	
Legal Process Tax	68,263	
Affordable Housing Trust	<u>80,478</u>	\$ 11,778,991

Payments to Fiscal Court:

Tangible Personal Property Tax	653,158	
Delinquent Tax	142,338	
Deed Transfer Tax	<u>306,698</u>	1,102,194.00

Payments to Other Districts:

Tangible Personal Property Tax	5,031,746	
Delinquent Tax	<u>509,749</u>	5,541,495

Payments to Sheriff 89,264

Payments to County Attorney 144,240

Other Disbursements:

Bank Service Charges	7,008	
Refunds and Overpayments	31,670	
Election Expenses	<u>19,852</u>	<u>58,530</u>

Total Disbursements \$ 18,714,714

Net Receipts 2,091,814

Payments to State Treasurer:

75% Operating Fund *	1,630,700	
25% County Fund	<u>452,331</u>	<u>2,083,031</u>

Balance Due at Completion of Audit \$ 8,783

* Includes reimbursed expenses in the amount of \$119,466 for the audit period.
 See Note 1 of Notes to Financial Statements.

CAMPBELL COUNTY
 JACK SNODGRASS, FORMER COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 FUND BALANCES OF THE COUNTY CLERK'S OPERATING FUND
AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS

For The Year Ended December 31, 2014

	75% Operating Fund	25% County Fund	Totals
Fund Balance - January 1, 2014	\$ 210,693	\$	\$ 210,693
<u>Receipts</u>			
Fees Paid to State - Operating Funds (75%)	1,630,700		1,630,700
Fees Paid to State - County Funds (25%)		452,331	452,331
Total Funds Available	1,841,393	452,331	2,293,724
<u>Disbursements</u>			
Campbell County Fiscal Court		303,951	303,951
Personnel Services-			
Official's Statutory Maximum	105,596		105,596
Official's Expense Allowance	3,600		3,600
Official's Training Incentive	3,910		3,910
Deputies' Salaries	782,059		782,059
Overtime Gross	91,435		91,435
Other Payroll			
Employee Benefits-			
Employer's Share Social Security	70,294		70,294
Employer's Share Retirement	175,563		175,563
Employer's Share Health Insurance	182,871		182,871
Employer's Share Life Insurance	198		198
Workers' Compensation	2,934		2,934
Contracted Services-			
Advertising	41		41
Computer Services	178,667		178,667

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

CAMPBELL COUNTY
 JACK SNODGRASS, FORMER COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 FUND BALANCES OF THE COUNTY CLERK'S OPERATING FUND
 AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS
 For The Year Ended December 31, 2014
 (Continued)

	75% Operating Fund	25% County Fund	Totals
<u>Disbursements (Continued)</u>			
Supplies and Materials-			
Office Supplies	\$ 33,853	\$	\$ 33,853
Cellular Supplies	141		141
Other Charges-			
Dues	3,055		3,055
Insurance - Property	2,626		2,626
Miscellaneous	993		993
Postage and Delivery	25,357		25,357
Printing and Binding	3,457		3,457
Phone	1,058		1,058
Travel	2,003		2,003
Capital Outlay-			
Office Equipment	7,801		7,801
Total Disbursements	<u>1,677,512</u>	<u>303,951</u>	<u>1,981,463</u>
Fund Balance - December 31, 2014	<u>\$ 163,881</u>	<u>\$ 148,380</u>	<u>\$ 312,261</u>
	*	**	

* - Paid to Campbell County Fiscal Court on November 23, 2015.

** - Paid to Campbell County Fiscal Court on June 22, 2015.

CAMPBELL COUNTY
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

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 due from the county clerk as determined by the audit.

KRS 64.350 establishes that a fee official in counties with a population over 70,000 has two funds with the state treasurer for the deposit of fees collected. Seventy-five percent (75%) of the fees collected are deposited in a county clerk's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected are deposited to the county fiscal court fund and paid to the fiscal courts, urban-county governments, or consolidated local governments of the respective counties quarterly no later than April 15, July 15, October 15, and January 15. These funds are closed at the end of each official term by paying the balances to the respective county government.

The financial statements have been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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:

- Interest receivable
- Collection on accounts due from others for 2014 services
- Reimbursements for 2014 activities
- Payments due other governmental entities for December tax and fee collections
- Payroll expenditures incurred but not paid
- Payments due vendors for goods or services provided in 2014

The Attorney General issued a letter which stated that some revenues of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are treated as revenue in the 75 percent fund.

CAMPBELL COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Cash and Investments

KRS 66.480 authorizes the county clerk's office to invest in the following, including but not limited to, 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

The county official and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. 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.

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 the plan. The county's contribution rate for nonhazardous employees was 18.89 percent for the first six months and 17.67 percent for the last six months.

The county clerk's contribution for calendar year 2012 was \$178,041, calendar year 2013 was \$180,013, and calendar year 2014 was \$175,563.

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.

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:

CAMPBELL COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2014
 (Continued)

Note 2. Employee Retirement System (Continued)

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.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. 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 former Campbell 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 former Campbell County Clerk did not have a deposit policy for custodial credit risk but rather followed the requirements of KRS 66.480(1)(d) and KRS 41.240. As of December 31, 2014, all deposits were covered by FDIC insurance or a properly executed collateral security agreement. However, as of August 6, 2014, public funds were exposed to custodial credit risk because the bank did not adequately collateralize the former county clerk's deposits in accordance with the security agreement.

- Uncollateralized and Uninsured \$97,210

CAMPBELL COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014
(Continued)

Note 4. Bond Account

The former county clerk maintained an account for the receipts and disbursements of mechanic's bonds. The beginning balance was \$2,985. Interest earned was \$7. As there were no disbursements, the ending balance as of December 31, 2014 was \$2,992.

Note 5. Delinquent Tax Account

The former county clerk maintained an account for delinquent tax refunds and overpayments. The beginning balance was \$41,074. Total receipts were \$7,115 which included \$18 interest. Total disbursements were \$9,626 leaving a balance as of December 31, 2014 of \$38,563.

Note 6. Related Party Transactions

The former county clerk's office, along with the property valuation administrator, the sheriff, and the county attorney (collectively known as the Campbell County Courthouse Network Group), obtained computer and phone services from Global Business Solutions, Incorporated. The president of Global Business Solutions, Incorporated is the son-in-law of the former county clerk. The transactions involved with this business totaled \$120,554 for the network group.

Note 7. Libraries and Archives Grant

The former county clerk's grant from the Kentucky Department for Libraries and Archives had a beginning balance of \$4. With no receipts or disbursements, and the unexpended grant balance was \$4 as of December 31, 2014.

Note 8. Courthouse Commission

The Campbell County Clerk's office maintains a courthouse commission account that escrows taxes collected for the Courthouse Commission district, which is no longer a taxing district and cannot accept any tax collection revenue. The beginning balance was \$11,297. During 2014, \$11 interest was earned, leaving a balance of \$11,308 as of December 31, 2014.

Note 9. Election Commission Reimbursement

The former county clerk received election commission checks from the fiscal court for calendar years 2013 and 2014, which totaled \$2,400. These funds did not get deposited into the clerk's fee account and turned in on a pay-in voucher to the operating fund. The operating fund for the 2011-2014 term has been closed out so the clerk has subsequently submitted these funds to the fiscal court.

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



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Steve Pendery, Campbell County Judge/Executive
The Honorable Jack Snodgrass, Former Campbell County Clerk
The Honorable Jim Luersen, Campbell County Clerk
Members of the Campbell County Fiscal Court

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statements 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 and Disbursements - Regulatory Basis of the former County Clerk of Campbell County, Kentucky, and the Statement of Receipts, Disbursements, and Fund Balances of the County Clerk's Operating Fund and County Fund with the State Treasurer - Regulatory Basis for the year ended December 31, 2014, and the related notes to the financial statements, and have issued our report thereon dated May 26, 2016. The former Campbell County Clerk's financial statements are 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 statements, we considered the former Campbell County Clerk's 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 statements, but not for the purpose of expressing an opinion on the effectiveness of the former Campbell County Clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of the former County Clerk'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 were not identified. However, as described in the accompanying comment and recommendation, 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 statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying comment and recommendation as item 2014-001 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
Statements Performed In Accordance With *Government Auditing Standards*
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the former Campbell County Clerk's financial statements are 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying comment and recommendation as item 2014-001.

Purpose of this Report

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

Respectfully submitted,

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

Mike Harmon
Auditor of Public Accounts

May 26, 2016

COMMENT AND RECOMMENDATION

CAMPBELL COUNTY
JACK SNODGRASS, FORMER COUNTY CLERK
COMMENT AND RECOMMENDATION

For The Year Ended December 31, 2014

FINANCIAL STATEMENT FINDING:

2014-001 The Former County Clerk's Ledger Did Not Agree To Quarterly Reports Or To Daily Deposits

The former county clerk's ledgers did not agree to quarterly reports or to daily deposits.

Due to a lack of controls over ledgers and reconciliations, the following issues were noted:

- The general receipts ledger did not foot and did not agree to the daily deposits;
- The daily collection report of the general accounts agreed to the deposits but did not agree to the general ledger;
- The adjusted quarterly report did not balance to cash and/or receipts ledgers; and
- The general receipts ledger by category did not agree to the total receipts column, and the amount recorded under the "deposits" column (which is the total receipts less overages and shortages) did not agree to the actual deposits per the bank.

KRS 68.210 authorizes the State Local Finance Officer to install a system of uniform accounts that sets minimum accounting requirements for handling of public funds which includes reconciling receipts to the ledger and to the bank. Further, it requires the clerk to maintain accurate books of original entry and submit an accurate quarterly financial report.

Failure to submit an accurate quarterly financial report could result in misrepresentation of financial reporting. We recommend the county clerk compare the quarterly financial report to the receipts and disbursements ledgers for accuracy and reconcile any differences.

Former County Clerk's Response: None.

