

**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AGREED-UPON PROCEDURES ENGAGEMENT
OF THE
LETCHER COUNTY CLERK**

**For The Period
January 1, 2018 Through December 31, 2018**



**MIKE HARMON
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**MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS**

SUMMARY OF PROCEDURES AND FINDINGS

**AGREED-UPON PROCEDURES OF THE
LETCHER COUNTY CLERK**

For The Period January 1, 2018 Through December 31, 2018

The Letcher County Clerk applied for and received approval from the Auditor of Public Accounts (APA) to obtain an Agreed-Upon Procedures (AUP) engagement for calendar year 2018 in accordance with KRS 43.070(1)(c). AUP reports present the procedures performed and the results of those procedures, called findings. The summary below presents those findings for which an exception was identified during the AUP engagement.

During the AUP engagement of the Letcher County Clerk, the following exceptions were noted:

- The county clerk did not perform monthly reconciliations for the Department of Fish and Wildlife account and escrow account.
- Excess fees due to fiscal court were recalculated and there is \$14,748.29 remaining due to fiscal court.
- The county clerk's agreements and contract payments did agree to cost schedules and the services received were appropriate, for official business, and properly authorized. Liabilities requiring disclosure were not disclosed properly on the fourth quarter financial statement.

Findings related to procedures for which there were no exceptions identified, and official responses to exceptions are not included in the summary above, but can be found in the full report. An electronic copy of the report is available on the Auditor of Public Accounts' website at www.auditor.ky.gov.

Respectfully,

Mike Harmon
Auditor of Public Accounts
April 26, 2019



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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

Independent Accountant's Report
On Applying Agreed-Upon Procedures

The Honorable Terry Adams, Letcher County Judge/Executive
The Honorable Winston Meade, Letcher County Clerk
Members of the Letcher County Fiscal Court

We have performed the procedures enumerated below, which were agreed to by the Letcher County Clerk, on receipts and disbursements, excess fees, recordkeeping, and leases, contracts, and liabilities for the period January 1, 2018 through December 31, 2018. The Letcher County Clerk is responsible for the accountability for receipts and disbursements, excess fees, recordkeeping, and leases, contracts, and liabilities. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Procedure -

Determine if the county clerk has a fourth quarter financial statement, a receipts ledger, and a disbursements ledger.

Finding -

No exceptions were found as a result of applying the procedure.

2. Procedure -

Determine that the county clerk's fourth quarter financial statement agrees to the county clerk's receipts ledger and disbursements ledger. Variances in total revenues or total disbursements that exceed 1% of gross revenues or exceed \$20,000 will be reported.

Finding -

No exceptions were found as a result of applying the procedure.

3. Procedure -

Compare the county clerk's operating disbursements (fourth quarter or settlement amounts) to the budget approved by fiscal court to see if the county clerk overspent the budget.

Finding -

No exceptions were found as a result of applying the procedure.

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The Honorable Terry Adams, Letcher County Judge/Executive
 The Honorable Winston Meade, Letcher County Clerk
 Members of the Letcher County Fiscal Court
 (Continued)

4. Procedure -

Determine if the county clerk has a settlement of excess fees that was approved by fiscal court.

Finding -

No exceptions were found as a result of applying the procedure.

5. Procedure -

Obtain a list of accounts prepared by the county clerk that are applicable to the current calendar year.

Finding -

No exceptions were found as a result of applying the procedure. The county clerk maintains a fee account, usage tax account, payroll account, Department of Fish and Wildlife account, and escrow account.

6. Procedure -

Determine if the county clerk reconciles all bank accounts monthly. Re-perform the bank reconciliations for all accounts as of December 31, 2018, to determine what the reconciled ending balances are, and if bank reconciliations are accurate.

Finding -

The county clerk did not perform monthly reconciliations for the Department of Fish and Wildlife account and escrow account. The balances of the county clerk's accounts are:

Account Name:	Reconciled Account Balance:
Fee Account	\$ 14,748
Usage Account	\$ 55
Payroll Account	\$ 2,195
Department of Fish & Wildlife Account	\$ 0
Escrow Account	\$ 861

7. Procedure -

Determine if receipts are properly accounted for by comparing batched receipts to daily check-out sheets, deposit tickets, receipts ledger, and bank statements for a randomly selected week.

Finding -

No exceptions were found as a result of applying the procedure.

The Honorable Terry Adams, Letcher County Judge/Executive
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 (Continued)

8. Procedure -

Determine if the county clerk prepared 12 monthly reports for delinquent tax. Test payments to districts for one randomly selected month's delinquent tax disbursements to confirm that payments were made timely and disbursement agreed to monthly report.

Finding -

No exceptions were found as a result of applying the procedure.

9. Procedure -

Judgmentally select 15 operating disbursements from county clerk's records and agree amounts to paid invoices or other supporting documentation and cancelled checks. Determine if the disbursement is for official business. Inspect all credit card statements (if any) to determine if disbursements are for official business.

Finding -

No exceptions were found as a result of applying the procedure.

10. Procedure -

Determine excess fees due to fiscal court by recalculating the difference between total receipts and total disbursements. Verify amounts paid to determine if additional excess fees are due to fiscal court.

Finding -

Excess fees due to fiscal court were recalculated and there is \$14,748.29 remaining due to fiscal court.

Total Receipts	\$	5,635,184
Total Disbursements		<u>5,603,436</u>
Excess Fees Due County for 2018	\$	31,748
Payment to Fiscal Court		17,000
Balance Due Fiscal Court	\$	<u><u>14,748</u></u>

11. Procedure -

Verify that county clerk's maximum salary order for deputies was not overspent.

Finding -

No exceptions were found as a result of applying the procedure.

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(Continued)

12. Procedure -

Determine whether payroll charges are properly supported by verifying that timesheets are completed, maintained, approved, and support hours paid by inspecting one pay period's timesheets for all employees.

Finding -

No exceptions were found as a result of applying the procedure.

13. Procedure -

Determine that the county clerk was paid the statutory maximum.

Finding -

The county clerk was paid \$93,085. The statutory maximum salary was \$93,085.

14. Procedure -

Scan lease agreements and service contracts and compare to actual payments. Determine if services received were appropriate, for official business, and properly authorized. Determine if liabilities requiring disclosure were properly disclosed on the fourth quarter financial statement.

Finding -

The county clerk's agreements and contract payments did agree to cost schedules and the services received were appropriate, for official business, and properly authorized. Liabilities requiring disclosure were not disclosed properly on the fourth quarter financial statement.

15. Procedure -

Verify the county clerk is properly bonded.

Finding -

No exceptions were found as a result of applying the procedure.

The Honorable Terry Adams, Letcher County Judge/Executive
The Honorable Winston Meade, Letcher County Clerk
Members of the Letcher County Fiscal Court
(Continued)

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the receipts and disbursements, excess fees, recordkeeping, and leases, contracts, and liabilities of the Letcher County Clerk. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Letcher County Clerk and the Letcher County Fiscal Court, and is not intended to be and should not be used by anyone other than the specified parties.

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

April 26, 2019