

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

**For The Period
January 1, 2020 Through December 31, 2020**



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

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



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

SUMMARY OF PROCEDURES AND FINDINGS

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

For The Period January 1, 2020 Through December 31, 2020

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 2020 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 perform monthly bank reconciliations. The December 31, 2020 bank reconciliation for the payroll account was not accurate.
- Excess fees due to the fiscal court were recalculated and there are \$3,599 additional excess fee due to the fiscal court.
- The county clerk's lease and contract payments agreed to cost schedules and the services received were appropriate, for official business, and properly authorized. Liabilities requiring disclosure were not properly disclosed 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. A copy of this report is available on the Auditor of Public Accounts' website at www.auditor.ky.gov.

Respectfully submitted,

Mike Harmon
Auditor of Public Accounts
May 26, 2021



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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, related to the county clerk's compliance with the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual* regarding the accountability for receipts and disbursements, excess fees, recordkeeping, and leases, contracts, and liabilities for the period January 1, 2020 through December 31, 2020. The Letcher County Clerk is responsible for compliance with these requirements. 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 receipts or total disbursements that exceed 1% of gross receipts 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 determine if the county clerk overspent the budget.

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)

4. Procedure -

Determine if the county clerk has a settlement of excess fees that was approved by the 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 fee, libraries and archives, usage, fish and game, escrow, and payroll accounts.

6. Procedure -

Determine if the county clerk reconciles all bank accounts monthly. Re-perform the bank reconciliations for all accounts as of December 31, 2020, to determine the reconciled ending balances and if bank reconciliations are accurate.

Finding -

The county clerk did perform monthly bank reconciliations. The December 31, 2020 bank reconciliation for the payroll account was not accurate. The balances of the county clerk's accounts are:

<u>Account Name:</u>	<u>Reconciled Account Balance:</u>
Fee Account	\$ 7,221
Libraries and Archives Account	\$ 2,700
Usage Account	\$ 24,161
Fish and Game Account	\$ 12
Escrow Account	\$ 861
Payroll account	\$ 9,041

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.

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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 the monthly report.

Finding -

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

9. Procedure -

Judgmentally select 15 operating disbursements from the county clerk's records and agree amounts paid to 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. The county clerk does not use a credit card.

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 the fiscal court.

Finding -

Excess fees due to the fiscal court were recalculated and there are \$3,599 additional excess fee due to the fiscal court.

Total Receipts	\$ 5,453,802
Total Disbursements	<u>5,443,203</u>
Excess Fees Due County for 2020	10,599
Payment to Fiscal Court	<u>7,000</u>
Balance Due Fiscal Court	<u><u>\$ 3,599</u></u>

11. Procedure -

Verify the 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. (Not applicable to fee pooling counties)

Finding -

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

13. Procedure -

Determine that the county clerk was paid the statutory salary as fixed by the Department for Local Government salary schedule.

Finding -

The county clerk was paid \$97,031. The statutorily required salary was \$97,031.

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 lease and contract payments agreed to cost schedules and the services received were appropriate, for official business, and properly authorized. Liabilities requiring disclosure were not properly disclosed on the fourth quarter financial statement.

15. Procedure -

Verify the county clerk is properly bonded for the period covered by the agreed upon procedures.

Finding -

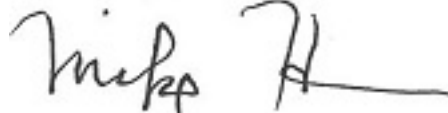
No exceptions were found as a result of applying the procedure.

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

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 compliance with specified requirements. 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.

The purpose of this report is to present the procedures performed and the results of those procedures and is not suitable for any other purpose. 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

May 26, 2021