REPORT OF THE AUDIT OF THE MARION COUNTY CLERK

For The Year Ended
December 31, 2020

MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable David Daugherty, Marion County Judge/Executive
The Honorable Chad G. Mattingly, Marion County Clerk
Members of the Marion 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 Marion County, Kentucky, for the year ended December 31, 2020, 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.

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The Honorable David Daugherty, Marion County Judge/Executive
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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 Marion 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 the Marion County Clerk, as of December 31, 2020, or changes in financial position or cash flows thereof for the year 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 Marion County Clerk for the year ended December 31, 2020, 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 September 21, 2021, on our consideration of the Marion 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 Marion 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:

2020-001 The Marion County Clerk's Office Does Not Have Adequate Segregation Of Duties
2020-002 The Marion County Clerk Did Not Submit Quarterly Financial Reports To The Department For Local Government

Respectfully submitted,

Mike Harmon
Auditor of Public Accounts

September 21, 2021

MARION COUNTY
CHAD G. MATTINGLY, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2020

Receipts		
Federal Grant		$ 27,091
State Revenue Supplement		68,059
State Fees For Services		77
Fiscal Court		19,002
Licenses and Taxes:		
Motor Vehicle-		
Licenses and Transfers	$ 699,637	
Usage Tax	1,067,038	
Tangible Personal Property Tax	1,673,994	
Notary Fees	3,658	
Sheriff Inspection	335	
Other-		
Marriage Licenses	6,100	
Occupational Licenses	3,452	
Disabled Placard	2,770	
Deed Transfer Tax	70,669	
Delinquent Tax	246,432	3,774,085
Fees Collected for Services:		
Recordings-		
Deeds, Easements, and Contracts	39,735	
Real Estate Mortgages	86,608	
Chattel Mortgages and Financing Statements	52,032	
Powers of Attorney	3,673	
All Other Recordings	94,011	
Charges for Other Services-		
Candidate Filing Fees	13,813	
Copy Work	7,237	
Tax Sale	5,760	
Misc, Refund, Return Check, Charges	2,597	305,466
Interest Earned		269
Total Receipts		4,194,049

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

MARION COUNTY
CHAD G. MATTINGLY, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS
For The Year Ended December 31, 2020
(Continued)

Disbursements		
Payments to State:		
Motor Vehicle-		
Licenses and Transfers	$ 524,269	
Usage Tax	1,035,026	
Tangible Personal Property Tax	642,420	
Licenses, Taxes, and Fees-		
Delinquent Tax	22,663	
Marriage, Legal Process, Housing Tax	42,053	$ 2,266,431
Payments to Fiscal Court:		
Tangible Personal Property Tax	134,491	
Delinquent Tax	17,919	
Deed Transfer Tax	67,136	
Occupational Licenses	2,595	222,141
Payments to Other Districts:		
Tangible Personal Property Tax	822,390	
Delinquent Tax	131,047	953,437
Payments to Sheriff:		
Delinquent Tax	21,114	
Inspections	335	21,449
Payments to County Attorney		33,262
Other Regulatory Payments:		
Refunds		1,599
Operating Disbursements and Capital Outlay:		
Personnel Services-		
Deputies' Salaries	152,648	
Part-Time Salaries	41,594	
Employee Benefits-		
Employer's Share Social Security	21,606	
Employer's Share Retirement	59,383	
Employer's Paid Health Insurance	51,542	
Other Payroll Disbursements	15,962	
Contracted Services-		
Advertising	845	
Printing and Binding	272	
Election Expense	32,826	

MARION COUNTY
CHAD G. MATTINGLY, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS
For The Year Ended December 31, 2020
(Continued)

Disbursements (Continued)			
Operating Disbursements and Capital Outlay: (Continued)			
Materials and Supplies-			
Office Supplies	$ 34,062		
Computer Maintenance	12,567		
Other Charges-			
Conventions and Travel	69		
Dues	1,080		
Postage	6,011		
Miscellaneous	309	$ 430,776	
Capital Outlay-			
Office Equipment		17,174	
Total Disbursements			$ 3,946,269
Net Receipts			247,780
Less: Statutory Maximum			90,562
Excess Fees			157,218
Less: Training Incentive Benefit			3,600
Excess Fees Due County for 2020			153,618
Payment to Fiscal Court - March 3, 2021		125,000	125,000
Balance Due Fiscal Court at Completion of Audit*			$ 28,618

* - The county clerk presented a check to the fiscal court for excess fees on April 10, 2021.

MARION COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2020

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 is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis 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 2020 services
- Reimbursements for 2020 activities
- Payments due other governmental entities for December tax and fee collections and payroll
- Payments due vendors for goods or services provided in 2020

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 clerk's office 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 (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.

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

The county clerk's contribution for calendar year 2018 was $49,627, calendar year 2019 was $54,851, and calendar year 2020 was $59,383.

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.

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 of their annual creditable compensation. Nonhazardous members also contribute 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 KRS 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 four 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 24.06 percent for the year.

<u>Other Post-Employment Benefits (OPEB)</u>

A. <u>Health Insurance Coverage - Tier 1</u>

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%

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

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (Continued)

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 161.714 with exception of COLA and retiree health benefits after July 2003.

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

Once members reach a minimum vesting period of 15 years, 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 161.714 with exception of COLA and retiree health benefits after July 2003. 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 KRS 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, KRS 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.

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

KRS Annual Financial Report and Proportionate Share Audit Report

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.

KRS 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.

Note 3. Deposits

The Marion County Clerk 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 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. These requirements were met.

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 Marion County Clerk 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 December 31, 2020, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4. Federal Grant

The Marion County Clerk's office received financial assistance for elections from the U.S. Election Assistance Commission passed through the Kentucky Board of Elections in the amount of $27,091. Funds totaling $27,091 were expended during the year. The unexpended grant balance was $0 as of December 31, 2020.

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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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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable David Daugherty, Marion County Judge/Executive
The Honorable Chad G. Mattingly, Marion County Clerk
Members of the Marion 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 Marion County Clerk for the year ended December 31, 2020, and the related notes to the financial statement and have issued our report thereon dated September 21, 2021. The Marion 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 Marion County Clerk'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 Marion County Clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of the Marion 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.

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 2020-001 to be a material weakness.

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Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Marion 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 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2020-002.

Views of Responsible Official and Planned Corrective Action

The Marion 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 Marion 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

September 21, 2021

SCHEDULE OF FINDINGS AND RESPONSES

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MARION COUNTY
CHAD G. MATTINGLY, COUNTY CLERK
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended December 31, 2020

INTERNAL CONTROL - MATERIAL WEAKNESS:

2020-001 The Marion County Clerk's Office Does Not Have Adequate Segregation Of Duties

This is a repeat finding and was included in the prior year audit report as finding 2019-001. The Marion County Clerk's office does not have adequate segregation of duties. All employees, including the county clerk, collect payments from customers and prepare receipts. The county clerk has implemented some compensating controls to help offset the lack of segregation of duties, but the controls were not effective because they were not applied consistently and documented during calendar year 2020. At the end of each day, each deputy clerk reconciles their drawer to the Kentucky Automated Vehicle Information System (KAVIS) printout. A different employee will compare the daily checkout sheet to the deposit ticket and the county clerk will take the deposit to the bank. There is no documentation of review on the daily checkout sheet, receipts ledger, or bank deposit receipt. All disbursement checks require dual signatures. After the disbursement was entered into the ledger, there was no documentation of review when compared to the invoice or check. The county clerk will sign all payroll checks, but there was no documentation of review when compared to the employee earnings report. The county clerk completes the bank reconciliation at the end of each month but there is no documentation of review.

According to the county clerk, due to the limited staff size and cost to hire additional staff in the county clerk's office, segregation of duties is not possible. Without segregation of duties, the risk of material misstatements significantly increases because undetected errors and theft can occur.

Strong internal controls and procedures are vital to ensure proper segregation of duties over collection, reporting, depositing, disbursing, and reconciling receipts and disbursements. If segregation of duties is not possible, effective compensating controls should be put in place, applied consistently, and evidenced.

We recommend the county clerk adequately segregate duties and implement compensating controls when segregation of duties is not feasible. Compensating controls that can be implemented are:

- Daily checkout sheets be initialed when compared to reports.
- Initial the bank deposit receipt when compared to the deposit ticket to verify the correct amount was deposited into the bank.
- The disbursement ledger should be initialed after comparison to the invoice, reports, and disbursement check.
- When payroll checks are issued, the employee earnings report should be compared to the payroll check to verify accuracy. This comparison should be documented on the earnings report.
- Bank reconciliations should be reviewed by another person and documented on reconciliation.

County Clerk's Response: We submitted a written internal control policy for this audit. We initial all voided transactions. Every check requires two signatures. All disbursements are double checked before the check is signed. We initial the bank deposits.

MARION COUNTY
CHAD G. MATTINGLY, COUNTY CLERK
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended December 31, 2020
(Continued)

STATE LAWS AND REGULATIONS:

2020-002 The Marion County Clerk Did Not Submit Quarterly Financial Reports To The Department For Local Government

This is a repeat finding and was included in the prior year audit report as finding 2019-002. The county clerk did not submit quarterly financial reports to the Department for Local Government (DLG) by the 30th day of the month following the end of any quarter for calendar year 2020. DLG did not receive anything for the first and second quarter of 2020. The third quarter was received by DLG on December 2, 2020 and the fourth was received March 3, 2021.

Due to lack of management oversight, 2020 quarterly reports were not submitted to the Department for Local Government. As a result, the county clerk is noncompliant with the Department for Local Government reporting requirements by not submitting the quarterly financial report by the 30th day of the month following the end of a quarter.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. Pursuant to KRS 68.210, the state local finance officer has prescribed minimum accounting and reporting standards in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual* which requires officials to submit quarterly financial reports to the Department for Local Government no later than 30 days following the close of the quarters ending March 31, June 30, September 30, and December 31.

We recommend the county clerk comply with the Department for Local Government's requirements and submit the quarterly financial reports by the 30th day of the month following the end of a quarter.

County Clerk's Response: The 4th Quarter was submitted as soon as the year was finalized.