

**REPORT OF THE AUDIT OF THE
DRAFT COUNTY
CLERK**

**For The Year Ended
December 31, 20XX**

**Put End of Fieldwork Date (Date of Report) in Binder Properties – Dates
Date will not show up until you close and reopen the audit report**



**MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS
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 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.....	7
NOTES TO THE FINANCIAL STATEMENTS.....	9
SCHEDULE OF EXCESS LIABILITIES OVER ASSETS - REGULATORY BASIS.....	18
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>	22
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>	26
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>	30
SCHEDULE OF FINDINGS AND RESPONSES.....	34

THIS PAGE LEFT BLANK INTENTIONALLY



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

The Honorable (JEX), DRAFT County Judge/Executive
The Honorable , DRAFT County Clerk
Members of the DRAFT County Fiscal Court

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying Statement of Receipts and Disbursements - Regulatory Basis of the County Clerk of DRAFT 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, 20XX, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the receipts and disbursements of the DRAFT County Clerk and the receipts, disbursements, and fund balances of the DRAFT County Clerk's operating fund and county fund with the state treasurer for the year ended December 31, 20XX, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

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 section of our report, 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 the DRAFT County Clerk, as of December 31, 20XX, or changes in financial position or cash flows thereof for the year then ended.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Audit Program for County Fee Officials* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the DRAFT County Clerk and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



The Honorable (JEX), DRAFT County Judge/Executive
The Honorable , DRAFT County Clerk
Members of the DRAFT County Fiscal Court

Basis for Opinion (Continued)

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 DRAFT 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 and budget laws, 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 and pervasive.

Emphasis of Matter(s) (Delete if not needed)

If you have an emphasis of matter, put paragraph in here. See other examples of emphasis of matter paragraphs in Binder. Additional guidance is also available in AU-C-706

Responsibilities of Management 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 and budget laws. 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 Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 DRAFT County Clerk's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the DRAFT County Clerk's ability to continue as a going concern for a reasonable period of time.

The Honorable (JEX), DRAFT County Judge/Executive
 The Honorable , DRAFT County Clerk
 Members of the DRAFT County Fiscal Court

Auditor's Responsibilities for the Audit of the Financial Statement (Continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we have identified during the audit.

Supplementary Information (Delete if not needed.)

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. *The accompanying Schedule of Expenditures of Federal Awards (Supplementary Information) is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and is not a required part of the financial statements. OR The Schedule of Excess Liabilities Over Assets – Regulatory Basis (Supplementary Information) is presented for purposes of additional analysis and is not a required part of the financial statement.* Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. *If there is no deficit statement or SEFA, delete this paragraph.*

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated , **Put EOF in Binder Properties Date** on our consideration of the DRAFT 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 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 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 DRAFT 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 finding(s):

Capitalize all first letters of each word.

20XX-001 The County Clerk
 20XX-002 The County Clerk

Respectfully submitted,

Mike Harmon
 Auditor of Public Accounts
 Frankfort, KY

Put EOF in Binder Properties-Dates

DRAFT COUNTY
, COUNTY CLERK
STATEMENT OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS

For The Year Ended December 31, 20XX

Receipts

Federal Grants	\$	-
State Grants		-
State Revenue Supplement		-
State Fees For Services		-
Fiscal Court		-
Licenses and Taxes:		
Motor Vehicle-		
Licenses and Transfers	\$	-
Usage Tax		-
Tangible Personal Property Tax		-
Notary Fees		-
Other-		
Fish and Game Licenses		-
Marriage Licenses		-
Occupational Licenses		-
Beer and Liquor Licenses		-
Deed Transfer Tax		-
Delinquent Tax		-
Delinquent Tax		-
	<hr/>	-
Fees Collected for Services:		
Recordings-		
Deeds, Easements, and Contracts		-
Real Estate Mortgages		-
Chattel Mortgages and Financing Statements		-
Powers of Attorney		-
Affordable Housing Trust		-
All Other Recordings		-
Charges for Other Services-		
Candidate Filing Fees		-
Copy Work		-
Postage		-
Extra Line (Hide if not needed)		-
Extra Line (Hide if not needed)		-
	<hr/>	-

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

DRAFT COUNTY
, COUNTY CLERK
STATEMENT OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS
For The Year Ended December 31, 20XX
(Continued)

Receipts (Continued)

Other:

Insufficient Funds Checks	\$	-	
Describe		-	\$ -

Interest Earned			-
-----------------	--	--	---

Borrowed Money			-
----------------	--	--	---

Total Receipts			-
----------------	--	--	---

Disbursements

Payments to State:

Motor Vehicle-			
Licenses and Transfers	\$	-	
Usage Tax		-	
Tangible Personal Property Tax		-	-
Licenses, Taxes, and Fees-			
Fish and Game Licenses		-	
Delinquent Tax		-	
Legal Process Tax		-	
Candidate Filing Fees		-	
Affordable Housing Trust		-	
Miscellaneous		-	-

Payments to Fiscal Court:

Tangible Personal Property Tax		-	
Delinquent Tax		-	
Deed Transfer Tax		-	
Occupational Licenses		-	
Beer and Liquor Licenses		-	
Miscellaneous		-	-

Payments to Other Districts:

Tangible Personal Property Tax		-	
Delinquent Tax		-	-

Payments to Sheriff			-
---------------------	--	--	---

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

DRAFT COUNTY
, COUNTY CLERK
STATEMENT OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS
For The Year Ended December 31, 20XX
(Continued)

Other Regulatory Payments:			
Delinquent Tax Deposit Refunds	-		
Other Refunds	-		-
		<u> </u>	
Payments to County Attorney		\$	-
Other Disbursements:			
Bank Service Charges	\$	-	
Overpayments/Refunds		-	
Miscellaneous		-	
Insufficient Funds Checks		-	
		<u> </u>	<u> </u>
Total Disbursements			\$ -
Less: Disallowed Disbursement(s)			-
			-
			-
		<u> </u>	
Total Disallowed Disbursements			<u> </u>
Total Allowable Disbursements			<u> </u>
Net Receipts			-
Payments to State Treasurer:			
75% Operating Fund *		-	
25% County Fund		-	
		<u> </u>	<u> </u>
Balance Due at Completion of Audit			<u> </u> \$ <u> </u> 0

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

DRAFT COUNTY
, 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, 20XX

	75% Operating Fund	25% County Fund	Totals
Fund Balance - January 01, 20XX	\$	\$	\$ 0
<u>Receipts</u>			
Fees Paid to State - Operating Funds (75%)	-		-
Fees Paid to State - County Funds (25%)		-	-
Total Funds Available	-	-	-
<u>Disbursements</u>			
_____ County Fiscal Court		-	-
Personnel Services-			
Official's Statutory Maximum	-		-
Official's Expense Allowance	-		-
Official's Training Incentive	-		-
Deputies' Salaries	-		-
Part Time Salaries	-		-
Overtime Gross	-		-
Other Payroll	-		-
Employee Benefits-	-		-
Employer's Share Social Security	-		-
Employer's Share Retirement	-		-
Employer's Share Health Insurance	-		-
Employer's Share Life Insurance	-		-
Employer's Share Dental Insurance	-		-
Workers' Compensation	-		-
Unemployment Insurance	-		-
Other Payroll Disbursements	-		-
Contracted Services-			
Advertising	-		-
Printing and Binding	-		-
Tax Bill Preparation	-		-

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

DRAFT COUNTY
, 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, 20XX
(Continued)

	75%	25%	
	Operating	County	Totals
	Fund	Fund	
	<u> </u>	<u> </u>	<u> </u>
<u>Disbursements</u> (Continued)			
Supplies and Materials-			
Office Supplies	\$ -	\$ -	\$ -
<i>Extra Line (Hide if not needed)</i>	-		-
<i>Extra Line (Hide if not needed)</i>	-		-
Other Charges-			
Conventions and Travel	-		-
Bonds	-		-
Dues	-		-
Insurance - Property	-		-
Miscellaneous	-		-
Postage	-		-
Supplies	-		-
<i>Extra Line (Hide if not needed)</i>	-		-
<i>Extra Line (Hide if not needed)</i>	-		-
Capital Outlay-			
Office Equipment	-		-
Computer Equipment	-		-
Debt Service-			
Principal on Note	-		-
Interest	-		-
Lease Purchases	-		-
	<u> </u>	<u> </u>	<u> </u>
Total Disbursements	<u> </u>	<u> </u>	<u> </u>
Fund Balance - December 31, 20xx	<u> </u>	<u> </u>	<u> </u>
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

DRAFT COUNTY
NOTES TO THE FINANCIAL STATEMENTS

December 31, 20XX

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 the 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.

Also, fee official office revenues could be considered reimbursed expenses. All reimbursed expenses are treated as revenue in the 75 percent fund.

The financial statements have 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:

- Interest receivable
- Collection on accounts due from others for 20XX services
- Reimbursements for 20XX 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 20XX

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).

DRAFT COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 20XX
 (Continued)

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 Kentucky Public Pensions Authority (KPPA). 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.

The county clerk's contribution for calendar year 20XX was \$, calendar year 20XX was \$, and calendar year 20XX was \$.

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 CERS 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 CERS 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 xx percent for the first six months and xx percent for the last six months.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

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:

DRAFT COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 20XX
 (Continued)

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

Other Post-Employment Benefits (OPEB) (Continued)

A. Health Insurance Coverage - Tier 1 (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, they 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 78.5536.

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

Once members reach a minimum vesting period of 15 years, they 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 78.5536. 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 Kentucky Retirement Systems 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.

DRAFT COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 20XX
 (Continued)

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

Other Post-Employment Benefits (OPEB) (Continued)

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, CERS 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.

Kentucky Retirement Systems Annual Financial Report and Proportionate Share Audit Report

Kentucky Retirement Systems 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.

Kentucky Retirement Systems 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 - **Everything is OK:**

The DRAFT 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 DRAFT 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, 20XX all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

DRAFT COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 20XX
 (Continued)

Note 3. Deposits - **Collateral Insufficient w/Agreement**(Note criteria has been updated)

(Use this when the county clerk has an agreement in place but the bank did not pledge sufficient assets to cover the county clerk's deposits at either year-end or on the high date. **This is used only when the fee official is not at fault.** If there is not a security agreement in place, this is not used.)

The DRAFT County Clerk maintained deposits of public funds with federally insured banking institutions as required by 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.

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 DRAFT County Clerk does not have a deposit policy for custodial credit risk but rather follows the requirements of DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. As of December 31, 20XX, all deposits were covered by FDIC insurance or a properly executed collateral security agreement. However, as of _____, 20xx, public funds were exposed to custodial credit risk because the bank did not adequately collateralize the county clerk's deposits in accordance with the security agreement.

- Uncollateralized and Uninsured \$ _____

(OR)

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 DRAFT County Clerk does not have a deposit policy for custodial credit risk but rather follows the requirements of DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. On _____, 20XX, the county clerk's bank balance was exposed to custodial credit risk because the bank did not adequately collateralize the county clerk's deposits in accordance with the security agreement.

- Uncollateralized and Uninsured \$ _____

Note 3. Deposits - **Collateral Insufficient - No Agreement**

The DRAFT County Clerk maintained deposits of public funds with federally insured banking institutions as required by 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 not met because the county clerk did not have a written agreement with the bank.

DRAFT COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 20XX
 (Continued)

Note 3. Deposits **(Continued) Collateral Insufficient - No Agreement**

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 DRAFT County Clerk does not have a deposit policy for custodial credit risk but rather follows the requirements of *DLG County Budget Preparation and State Local Finance Officer Policy Manual*. On _____, 20XX, the county clerk’s bank balance was exposed to custodial credit risk because the bank did not adequately collateralize the county clerk’s deposits in accordance with the security agreement.

- Uncollateralized and Uninsured \$ _____

Note 4. Grant(s)

The DRAFT County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives in the amount of \$ _____. Funds totaling \$ _____ were expended during the year. The unexpended grant balance was \$ _____, as of December 31, 20XX.

Note 5. Short-term Debt **If the clerk has any short-term debt, unused lines of credit, or assets pledged as collateral for debt ensure note meets the requirements for GASB 88. Delete if not needed.**

Direct Borrowings

A. **(EXAMPLE)** On ____, the ____ Bank issued an unsecured fixed rate loan in the amount of \$ ____ for the purpose of providing financing for ____ county clerk’s office. Principal and interest, which is calculated at a fixed rate of ____ percent is due _____. In the event of default, the bank may declare the entire unpaid principal balance, and all accrued unpaid interest, due immediately. The bank also reserves a right of setoff in all the borrower’s accounts and to administratively freeze all such accounts. The balance of this note was paid in full as of December 31, 20XX.

B. Changes in Short-term Debt

	Beginning Balance	Additions	Reductions	Ending Balance
Loan- A	\$			\$
Loan- B				
Total Short-term Debt	\$	0	0	\$

DRAFT COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 20XX
 (Continued)

Note 5. Long-term Debt

If the clerk has any long-term debt, unused lines of credit, or assets pledged as collateral for debt ensure note meets the requirements for GASB 88. Delete if not needed

Direct Borrowings

A. **(EXAMPLE)** On ____, the ____ Bank issued a fixed rate loan in the amount of \$ ____ for the purpose of purchasing ____ for the county clerk’s office. Principal and interest, which was calculated at a fixed rate of __ percent was due annually on ____ beginning on ____ . The loan was secured by a first security interest in the ____ being purchased. **In the event of default, ____** . The balance of this note was \$ ____ as of December 31, 20XX. Future principal and interest payments are as follows:

Calendar Year Ended December 31	Principal	Interest
202__	\$ -	\$ -
202__		
202__		
202__		
202__	-	-
Totals	\$ -	\$ -

B. Changes In Long-term Debt

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings	\$			\$	\$
Total Long-term Debt	\$ 0			\$ 0	\$ 0

C. Aggregate Debt Schedules

The amount of required principal and interest payments on long-term obligations on December 31, 20XX:

Calendar Year Ended December 31	Other Debt		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
202__	\$ -	\$ -	\$ -	\$ -
202__				
202__				
202__				
202__	-	-	-	-
Totals	\$ -	\$ -	\$ -	\$ -

DRAFT COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 20XX
 (Continued)

Note 6. Lease Agreement(s) (ONE AGREEMENT)

The DRAFT County Clerk's office committed to a lease agreement for a _____. The agreement requires a monthly payment of \$_____ for _____ months to be completed on _____. The total remaining balance of the agreement was \$_____ as of December 31, 20XX.

(OR)

Note 6. Lease Agreements (MULTIPLE AGREEMENTS)

The DRAFT County Clerk's office was committed to the following lease agreements as of December 31, 20XX:

Item Purchased	Monthly Payment	Term Of Agreement	Ending Date	Principal Balance December 31, 20xx
-------------------	--------------------	----------------------	----------------	--

Note 7. Other Accounts - Please label and explain purpose of account, beginning, and ending balances, etc. **If applicable, please include that the account is fiduciary/custodial in nature.**

Note . Discretionary Fund Bank Account

The county clerk has established a discretionary account as provided by KRS 64.345. This fund is used to cover additional expenses including extraordinary office expenses in amounts authorized by the approving authority. The account had a beginning balance of \$_____ with receipts of \$_____ and \$_____ of disbursements for calendar year 20XX. The account balance was \$_____ as of December 31, 20XX.

Note . Imprest Cash Account

The Finance & Administration – County Fee Systems Branch authorized the _____ County Clerk to administer an Imprest Cash Fund in the amount of \$_____. This fund is to be used for expenses, such as postage and other necessary expenses \$1,000 or less that need to be paid in less than a 10 day turn around, except travel and payroll expenses.

DRAFT COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 20XX
 (Continued)

Note 8. Fiduciary Accounts **Please include that the account is fiduciary/custodial in nature.**

A. Escrow Account

The DRAFT County Clerk deposited outstanding checks into a custodial bank account. When statutorily required, the county clerk will turn over the escrowed funds to the Kentucky State Treasurer as unclaimed property. The county clerk's escrowed amounts were as follows:

20xx	\$xxx
20xx	\$xxx
20xx	\$xxx

REMINDER: Only include note to FS for escrow accounts that have already been escrowed.

B. Trust Account(s) (Edit as necessary – Delete if none)

The DRAFT County Clerk deposited **(type of funds)** into a custodial bank account. These funds are held until a resolution in the form of a court order is received. The funds are then remitted in accordance with the court order. The account had a beginning balance of \$___ with receipts of \$___ and \$___ of disbursements for calendar year 20XX. The account balance was \$___ as of December 31, 20XX.

Note 9. Related Party Transactions **TAILOR THIS TO FIT YOUR SITUATION OR DELETE IF NOT NEEDED**

Note 10. Commitments and Contingencies **TAILOR THIS TO FIT YOUR SITUATION OR DELETE IF NOT NEEDED**

The county clerk is involved in (a/ multiple) lawsuit(s), which could negatively impact the financial position of the county clerk's office. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the county clerk's office cannot be made at this time.

Note 11. Subsequent Events

TAILOR THIS TO FIT YOUR SITUATION OR DELETE IF NOT NEEDED

If the official left office during the year please add this language to this subsequent event note:

The county clerk retired/resigned on XXX, XXXX and a new county clerk was appointed by the (appointing authority - county judge/executive or mayor or other) on XX, XXXX.

Note 12. 75% Operating Fund - Deficit Balance **DELETE IF NOT NEEDED**

The DRAFT County Clerk's 75% operating fund had a deficit balance of \$___ as of December 31, 20XX. KRS 64.345(4) states, in part, "[i]f seventy-five percent (75%) of the amount paid into the State Treasury in any month by any of such officers is not sufficient to pay the salaries and expenses of his office for that month, the deficit may be made up out of the amount paid in any succeeding month; but in no event shall the amount allowed by the Finance and Administration Cabinet to any officer for salaries and expenses exceed seventy-five percent (75%) of the amount paid to the Finance and Administration Cabinet by the officer during his official term." The 75% operating fund has to be settled at the end of the county clerk's term, which ends **December 31, 20XX.**

DRAFT COUNTY
 , COUNTY CLERK
SCHEDULE OF EXCESS LIABILITIES OVER ASSETS - REGULATORY BASIS
SUPPLEMENTARY INFORMATION

December 31, 20XX

Cash in Bank	\$	-
Deposits in Transit		
Receivables:		

Total Assets		-
--------------	--	---

Liabilities

Paid Obligations:

Outstanding Checks	\$	-
State Treasurer-		
Motor Vehicle Licenses		
Usage Tax		
Tangible Personal Property Tax		
Fish and Game Licenses		
Legal Process Tax		
Tangible Personal Property Tax		
Delinquent Tax		
_____ County-		
Tangible Personal Property Tax		
Delinquent Tax		
Deed Transfer Tax		
Occupational Licenses		
Excess Fees - 20____		
Withholdings		

Total Paid Obligations		-
------------------------	--	---

Liabilities (Continued)

DRAFT COUNTY
 , COUNTY CLERK
 SCHEDULE OF EXCESS LIABILITIES OVER ASSETS - REGULATORY BASIS
SUPPLEMENTARY INFORMATION
 December 31, 20XX
 (Continued)

Unpaid Obligations:

State Treasurer-

Motor Vehicle Licenses	\$	-
Usage Tax		
Tangible Personal Property Tax		
Fish and Game Licenses		
Legal Process Tax		
Tangible Personal Property Tax		
Delinquent Tax		

_____ County-

Tangible Personal Property Tax		
Delinquent Tax		
Deed Transfer Tax		
Occupational Licenses		
Excess Fees - 20__		
Withholdings		

	\$	-
--	----	---

Total Unpaid Obligations

	-
--	---

Total Liabilities

	-
--	---

Total Fund Deficit as of December 31,20xx

	\$	-
--	----	---

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*

Use one of the following 3 Letters and Delete the 2 you do not use

**(No Material Weaknesses Identified, No Significant Deficiencies Identified, No Reportable Instances of
Noncompliance or Other Matters Identified)**

THIS PAGE LEFT BLANK INTENTIONALLY



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

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

The Honorable (JEX), DRAFT County Judge/Executive
The Honorable , DRAFT County Clerk
Members of the DRAFT County Fiscal Court

We have audited, 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 Program for County Fee Officials* issued by the Auditor of Public Accounts, Commonwealth of Kentucky, the Statement of Receipts and Disbursements - Regulatory Basis of the County Clerk of DRAFT County, Kentucky, 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, 20XX, and the related notes to the financial statements, and have issued our report thereon dated **Put EOF in Binder Properties**. The DRAFT 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.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the DRAFT 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 statements, but not for the purpose of expressing an opinion on the effectiveness of the DRAFT County Clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of the DRAFT County Clerk's internal control.

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 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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)

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the DRAFT County Clerk's financial statements are free from 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 statements. 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*.

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
Frankfort, KY

Put EOF in Binder Properties-Dates

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*

**(No Material Weaknesses Identified; Significant Deficiencies and Reportable Instances of
Noncompliance, and Other Matters Identified)**

THIS PAGE LEFT BLANK INTENTIONALLY



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

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

The Honorable (JEX), DRAFT County Judge/Executive
The Honorable , DRAFT County Clerk
Members of the DRAFT County Fiscal Court

We have audited, 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 Program for County Fee Officials* issued by the Auditor of Public Accounts, Commonwealth of Kentucky, the Statement of Receipts and Disbursements - Regulatory Basis of the County Clerk of DRAFT County, Kentucky, 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, 20XX, and the related notes to the financial statements, and have issued our report thereon dated **Put EOF in Binder Properties**. The DRAFT 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.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the DRAFT 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 statements, but not for the purpose of expressing an opinion on the effectiveness of the DRAFT County Clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of the DRAFT County Clerk's internal control.

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. 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.



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)

Report on Internal Control Over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency(ies) in internal control, which is/are described in the accompanying Schedule of Findings and Responses as item(s) 20XX-001, 20XX-002, and 20XX-003 that we consider to be a significant deficiency(ies).

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the DRAFT 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 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(s) of noncompliance or other matters that is/are required to be reported under *Government Auditing Standards*, and which is/are described in the accompanying Schedule of Findings and Responses as item(s) 20XX-001, 20XX-002, and 20XX-003. **(Or replace last sentence with the following)** 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

(If the County Clerk has responded to any comments, include this paragraph)

Government Auditing Standards requires the auditor to perform limited procedures on the DRAFT County Clerk's response to the finding(s) identified in our audit and described in the accompanying Schedule of Findings and Responses. The DRAFT County Clerk's response was not subjected to the auditing procedures applied in the audit of the financial statements and, according we express no opinion on the response.

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
Frankfort, KY

Put EOF in Binder Properties-Dates

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*

**(Material Weaknesses and Significant Deficiencies and Reportable Instances of Noncompliance, and
Other Matters Identified)**

THIS PAGE LEFT BLANK INTENTIONALLY



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

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

The Honorable (JEX), DRAFT County Judge/Executive
The Honorable , DRAFT County Clerk
Members of the DRAFT County Fiscal Court

We have audited, 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 Program for County Fee Officials* issued by the Auditor of Public Accounts, Commonwealth of Kentucky, the Statement of Receipts and Disbursements - Regulatory Basis of the County Clerk of DRAFT County, Kentucky, 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, 20XX, and the related notes to the financial statements, and have issued our report thereon dated **Put EOF in Binder Properties**. The DRAFT 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.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the DRAFT 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 statements, but not for the purpose of expressing an opinion on the effectiveness of the DRAFT County Clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of the DRAFT 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 Schedule of Findings and Responses, we identified **a certain deficiency(ies) in internal control that we consider to be (a) material weakness(es) [and (another) other deficienc(ies) that we consider to be (a) significant deficiency(ies)].**

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(ies) described in the accompanying Schedule of Findings and Responses as item **(s) 20XX-001, 20XX-002, and 20XX-003** to be **(a) material weakness(es)**.



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)

Report on 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 deficiency(ies) described in the accompanying Schedule of Findings and Responses as item(s) 20XX-001, 20XX-002, and 20XX-003 to be (a) significant deficiency(ies).

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the DRAFT County Clerk's financial statements are free from 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 statements. 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(s) of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which is/are described in the accompanying Schedule of Findings and Responses as item(s) 20XX-001, 20XX-002, and 20XX-003. **Or replace last sentence with the following** 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 Officials and Planned Corrective Action(If the County Clerk has responded to any comments, include this paragraph)

Government Auditing Standards requires the auditor to perform limited procedures on the DRAFT County Clerk's response to the finding(s) identified in our audit and described in the accompanying Schedule of Findings and Responses. The DRAFT County Clerk's response was not subjected to the auditing procedures applied in the audit of the financial statements and, according we express no opinion on the response.

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
Frankfort, KY

Put EOF in Binder Properties-Dates

SCHEDULE OF FINDINGS AND RESPONSES

THIS PAGE LEFT BLANK INTENTIONALLY

DRAFT COUNTY
, COUNTY CLERK
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended December 31, 20XX

IF THIS IS A FORMER COUNTY CLERK PLEASE WRITE COMMENTS IN PAST TENSE WHERE APPLICABLE. Finding titles should be condition based, not recommendation based.

Only change title to FINANCIAL STATEMENT FINDINGS: if one or more comments are classified as both internal control and noncompliance.

If each comment is only classified as EITHER an internal control deficiency or a noncompliance, start with noncompliances as 001, 002, etc., then list significant deficiencies, then material weaknesses. Taking care in numbering from the beginning will save time later.

STATE LAWS AND REGULATIONS:

20XX-001 The County Clerk

County Clerk's Response:

Auditor's Reply:

20XX-002 The County Clerk

County Clerk's Response:

DRAFT COUNTY
, COUNTY CLERK
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended December 31, 20XX
(Continued)

20XX-003 The County Clerk

County Clerk's Response:

20XX-004 The County Clerk

County Clerk's Response:

20XX-005 The County Clerk

County Clerk's Response:

DRAFT COUNTY
, COUNTY CLERK
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended December 31, 20XX
(Continued)

STATE LAWS AND REGULATIONS: (Continued)

20XX-006 The County Clerk

County Clerk's Response:

INTERNAL CONTROL - SIGNIFICANT DEFICIENCY(IES):

County Clerk's Response:

Delete this section if there are no significant deficiencies.

INTERNAL CONTROL - MATERIAL WEAKNESS(ES):

County Clerk's Response:

Delete this section if there are no material weaknesses.



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

State law requires the Auditor of Public Accounts to annually audit fiscal courts, county clerks, and sheriffs; and print the results in a newspaper having general circulation in the county. The complete audit and any other audit of state agencies, fiscal courts, county clerks, sheriffs, and property valuation administrators may be viewed in the reports section of the Auditor of Public Accounts' website at auditor.ky.gov or upon request by calling 1-800-247-9126.

209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817

TELEPHONE 502.564.5841
FACSIMILE 502.564.2912
AUDITOR.KY.GOV

AN EQUAL OPPORTUNITY EMPLOYER M/F/D

