

**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AGREED-UPON PROCEDURES ENGAGEMENT
OF THE
ADAIR COUNTY
PROPERTY VALUATION ADMINISTRATOR**

**For The Period
July 1, 2021 Through June 30, 2022**



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AUDITOR OF PUBLIC ACCOUNTS

SUMMARY OF PROCEDURES AND FINDINGS

AGREED-UPON PROCEDURES OF THE
ADAIR COUNTY PROPERTY VALUATION ADMINISTRATOR

For The Period July 1, 2021 Through June 30, 2022

The Adair County Property Valuation Administrator received an Agreed-Upon Procedures (AUP) engagement for the period July 1, 2021 through June 30, 2022. AUP reports present the procedures performed and the results of those procedures, called findings. The summary below presents those findings for which an exception (an instance of noncompliance with the criteria) was identified during the AUP engagement.

During the AUP engagement of the Adair County Property Valuation Administrator, the following exceptions were noted:

- Deposits were made weekly at a minimum. It cannot be determined if receipts of \$250 or more are deposited daily. Pre-numbered receipts were not issued. In addition, the PVA does not charge for copies.
- Budgeted disbursements were compared to actual disbursements and the PVA overspent the 100 account series by \$1,840, the 200 account series by \$2,348, and the 800 account series by \$4,701.

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

Respectfully submitted,

Mike Harmon
Auditor of Public Accounts
Frankfort, KY
November 18, 2022



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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

Independent Accountant's Report
On Applying Agreed-Upon Procedures

Holly M. Johnson, Secretary, Finance and Administration Cabinet
The Honorable Landon Edwards, Adair County Property Valuation Administrator
Columbia, Kentucky 42728

We have performed the procedures enumerated below related to the Adair County Property Valuation Administrator (PVA) compliance with the *Fiscal and Personnel Administration Manual for the Office of Property Valuation Administrator* regarding the accountability for statutory contribution receipts and disbursements, including capital outlay disbursements, city government receipts, recordkeeping, and leases and contracts during the period July 1, 2021 through June 30, 2022.

An agreed-upon procedures engagement involves the APA performing specific procedures that the PVA has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed. The Adair County PVA is responsible for compliance with these requirements. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The Adair County PVA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of determining the PVA's compliance with the *Fiscal and Personnel Administration Manual for the Office of Property Valuation Administrator* regarding the accountability for statutory contribution receipts and disbursements, including capital outlay disbursements, city government receipts, recordkeeping, and leases and contracts. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and findings are as follows:

1. Procedure -

Determine if the PVA has a receipts ledger, a disbursements ledger, and reconciles bank records to books each month. Re-perform the year-end bank reconciliation (June 30, 2022), for all bank accounts, to determine if amounts are accurate.

Finding -

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



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The Honorable Landon Edwards, Adair County Property Valuation Administrator
(Continued)

2. Procedure -

Confirm all payments by the city to the PVA. Compare recorded city receipts to confirmed payment amounts obtained from city governments. Also compare recorded city receipts to the DOR list of cities to determine if the PVA has accounted for all city receipts.

Finding -

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

3. Procedure -

Confirm all payments made by the fiscal court to the PVA. Compare the budgeted statutory contribution by the fiscal court to the legally required amounts calculated by the Department of Revenue. Trace the fiscal court payments from the fiscal court statutory contribution budget account to the PVA's local bank account.

Finding -

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

4. Procedure -

Select one month (July 2021 - June 2022) and review bank statement(s) to determine if deposits were made weekly at a minimum or if receipts of \$250 or more are deposited daily. Choose one week from month selected and determine if pre-numbered receipts were issued.

Finding -

Deposits were made weekly at a minimum. It cannot be determined if receipts of \$250 or more are deposited daily. Pre-numbered receipts were not issued. In addition, the PVA does not charge for copies.

PVA's Response: All deposits for the Adair County PVA Office are made the day the monies are received (no exceptions).

Auditor's Reply: Since the PVA did not issue receipts for funds received we were unable to determine if deposits were made on the date the funds were received.

5. Procedure -

Determine if the PVA has a change fund and document the amount of the PVA's change fund.

Finding -

The PVA does not have a change fund.

6. Procedure -

Judgmentally select 15 disbursements from PVA records and agree amounts to paid invoices or other supporting documentation and bank records. Determine if the disbursement is for official business. Inspect all credit card statements (if any) to determine if disbursements are for official business.

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(Continued)

6. (Continued)

Finding -

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

7. Procedure -

Compare capital outlay disbursements with supporting documentation, bank records, and proper purchasing procedures. Observe newly acquired assets. Determine if assets were added to the PVA's Capital Asset Inventory List.

Finding -

Not applicable as there were no capital outlay disbursements noted.

8. Procedure -

Scan vehicle lease agreements, personal service contracts, and professional service contracts for cost schedules and compare to actual payments. Determine if services received were appropriate, for official business, and properly authorized.

Finding -

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

9. Procedure -

Compare the PVA's final budget to actual disbursements to determine if the PVA overspent in any account series.

Finding -

Budgeted disbursements were compared to actual disbursements and the PVA overspent the 100 account series by \$1,840, the 200 account series by \$2,348, and the 800 account series by \$4,701.

PVA's Response: We didn't overspend on the \$59,230 we were budgeted for. These payments must be categorized as they are still expenditures of the PVA Office, but aren't included in the budgeted (\$59,230.00). Our budget is based on an amount of \$59,230.00 (this doesn't include fee account as none of these monies can be guaranteed or planned for or even included in that budgeted amount). I asked many questions before I opened this account to ensure this didn't happen. Our fee account is for monies generated by selling our tax roll & theoretically we could go a year without any money added to account. The state approved 2021-2022 Local Receipts shows the budgeted amount as \$59,230.00 – all proceeds from the County and City must be deposited in the main PVA Account per KRS 132.410(1), KRS 132.285, and KRS 132.590. The PVA handbook states that Miscellaneous Income – Miscellaneous charges for copies, sale of tax roll and maps, web site income, etc. (Fee Schedule-KRS 133.047(4) can be put in a Fee Account & is not included in the budgeted \$59,230.00). It is referred to as miscellaneous income because it comes from multiple sources and can't be planned for. The Fee Account only includes money or payments that weren't budgeted or planned for (these can't be planned for & are not budgeted). The reason we opened the Fee Account was to have an account where we could put the "surprise" or extra monies that weren't budgeted or planned for.

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The Honorable Landon Edwards, Adair County Property Valuation Administrator
(Continued)

9. (Continued)

PVA's Response: (Continued)

I needed a way to separate the budgeted \$59,230.00 from extra or miscellaneous income that came in & wasn't budgeted or accounted for. I asked these questions specifically when I opened bank account to ensure nothing like this would happen. If the opinion of this audit is it these monies should have been included in the budget, I understand & I will close bank account immediately as there is no possible way to accurately access what will come into this account.

Auditor's Reply: The KRSs the PVA noted in his response do not pertain to the budget of the PVA. The PVA is given instructions each year on what to include in the budget. The PVA Annual Budget Request Instructions and Report For Fiscal Year 7/1/2021 to 6/30/2022 states "The Funds not designated in the PVA annual budget are considered unbudgeted funds. These funds are reported on the final approved budget from the Local Officials Compliance Branch. Unbudgeted funds cannot be spent unless designated and/or reported on the PVA annual budget submitted to the Local Officials Compliance Branch." Also the budget instructions instruct the PVA to include Other Income and income from the Fee Schedule in the budget and shown in the total estimated local funding that the office would receive. Therefore, the PVA's budget should have been amended for these funds prior to spending them.

10. Procedure -

Determine whether cash balances were properly transferred from the former PVA to the new PVA.

Finding -

Not applicable as no change in the PVA.

11. Procedure -

For PVA office employees hired between July 1, 2021 and June 30, 2022, determine if the Ethics Certification Form has been completed and is on file.

Finding -

Not applicable since no one was hired between July 1, 2021 and June 30, 2022.

12. Procedure -

Determine if the PVA's office was closed any day other than the state's approved holidays. If so, determine if the proper procedures and forms were completed.

Finding -

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

Holly M. Johnson, Secretary, Finance and Administration Cabinet
The Honorable Landon Edwards, Adair County Property Valuation Administrator
(Continued)

We were engaged by the Finance and Administration Cabinet, Department of Revenue and the Adair County PVA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Adair County PVA and of the Finance and Administration Cabinet, Department of Revenue and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The purpose of this report is to present the procedures performed and the results of those procedures and is not suitable for any other purpose. This report is intended solely for the information and use of the Adair County PVA and the Finance and Administration Cabinet, Department of Revenue and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

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

Mike Harmon
Auditor of Public Accounts
Frankfort, KY

November 18, 2022