

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

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



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

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



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

SUMMARY OF PROCEDURES AND FINDINGS

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

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

The Bullitt County Clerk applied for and received approval from the Auditor of Public Accounts (APA) to obtain an Agreed-Upon Procedures (AUP) engagement for calendar year 2020 in accordance with KRS 43.070(1)(c). AUP reports present the procedures performed and the results of those procedures, called findings. The summary below presents those findings for which an exception was identified during the AUP engagement.

During the AUP engagement of the Bullitt County Clerk, the following exception was noted:

- The county clerk's operating disbursements were compared to the county clerk's approved term order and the county clerk overspent his general term order.

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

Respectfully submitted,

Mike Harmon
Auditor of Public Accounts
December 1, 2021



THIS PAGE LEFT BLANK INTENTIONALLY



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

Independent Accountant's Report
On Applying Agreed-Upon Procedures

The Honorable Jerry Summers, Bullitt County Judge/Executive
The Honorable Kevin Mooney, Bullitt County Clerk
Members of the Bullitt County Fiscal Court

We have performed the procedures enumerated below, which were agreed to by the Bullitt County Clerk, related to the clerk's compliance with the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual* regarding the accountability for receipts and disbursements, excess fees, recordkeeping, and leases, contracts, and liabilities for the period January 1, 2020 through December 31, 2020. The Bullitt County Clerk is responsible for compliance with these requirements. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Procedure -

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

Finding -

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

2. Procedure -

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

Finding -

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

3. Procedure -

Compare the county clerk's operating disbursements (Total disbursements per EMARS 2550 Reconciliation) to the general term order estimated expenditures which the fiscal court or other approving authority approved, either in total or by operating category, to determine if the county clerk overspent the general term order.

Finding -

The county clerk's operating disbursements were compared to the county clerk's approved term order and the county clerk overspent his general term order.



The Honorable Jerry Summers, Bullitt County Judge/Executive
 The Honorable Kevin Mooney, Bullitt County Clerk
 Members of the Bullitt County Fiscal Court
 (Continued)

3. (Continued)

County Clerk's Response: The Exit Conference was held on December 2, 2021 with the County Clerk, Kevin Mooney, Director of Finance & HR, [name redacted] and Auditor, [name redacted] were all present.

All 16 sections were found to be without exceptions as a result of applying procedures, except for section #3. I will address that one section below.

It is stated that the County Clerk overspent the General Term Order as approved by the Bullitt County Fiscal Court. Bullitt County exceeded 70,000 people in the 2010 U.S. Census, with 74,319 people. 2012 was the first year applying the KRS's that exist for counties over 70,000. During trainings received by the KY Dept. of Revenue, County Fees Branch we were told how to calculate the General Term Order (GTO) and provided with examples by the County Fees Branch. We have been doing this the same way each year without exceptions being brought up about the lack of the County Clerk's salary being present. The audit of the year 2020 is the first time.

We have reached out to the County Fees Branch and spoken with the Director. He confirmed that we were doing it properly and provided us with KRS's to confirm the procedure.

KRS 64.350 - Return of fees to counties whose officers pay fees into State Treasury -- Applicability of KRS 64.368 if population decreases below 70,000. (1) In counties having a population of seventy thousand (70,000) or more, the salaries of the county clerks and sheriffs and of their deputies and all necessary office expenses, including the equipping, furnishing, maintaining, and operation of the offices, shall be paid out of the State Treasury in amounts not to exceed seventy-five percent (75%) of the fees collected by the officers respectively, and received into the Treasury;

64.530 Compensation of county officers, employees, deputies and assistants, and members of fiscal court -- Excess fees -- Applicability of KRS 64.368 if population decreases below 70,000.

(3) In the case of officers compensated from fees, or partly from fees and partly by salary, the fiscal court shall fix the reasonable maximum compensation that any officer except the officers named in KRS 64.535 may receive from both sources. The fiscal court may also fix the reasonable maximum amount that the officer may expend each year for expenses of his office. The fiscal court shall fix annually the reasonable maximum amount, including fringe benefits, which the officer may expend for deputies and assistants, and allow the officer to determine the number to be hired and the individual compensation of each deputy and assistant. Any revenue received by a county clerk in any calendar year shall be used exclusively for the statutory duties of the county clerk and budgeted accordingly. At the conclusion of each calendar year, any excess fees remaining shall be paid to the fiscal court pursuant to KRS 64.152.

64.535 Annual salaries of certain county officers.

The county judge/executive, clerk, jailer who operates a full service jail, and sheriff shall each receive a monthly salary of one-twelfth (1/12) of the amount indicated by the salary schedule in KRS 64.5275.

64.345 Clerks and sheriffs and jailers in counties having population of 70,000 or more -- Compensation -- Expenses -- Deputies and assistants -- Applicability of KRS 64.368 if population decreases below 70,000 -- Expenses not to exceed annual approved budgetary amounts.

(1) The county clerk and sheriff of each county having a population of seventy thousand (70,000) or over shall receive an annual salary pursuant to the salary schedule in KRS 64.5275.

KRS 64.535 & 64.345 both state that the County Clerks salary is set by KRS, not the Fiscal Court.

The Honorable Jerry Summers, Bullitt County Judge/Executive
The Honorable Kevin Mooney, Bullitt County Clerk
Members of the Bullitt County Fiscal Court
(Continued)

3. (Continued)

County Clerk's Response: (Continued)

KRS 64.530(3) states that the fiscal court shall fix the reasonable maximum compensation that any officer *except those names in KRS 64.535. The County Clerk is named in 64.535.*

KRS 64.530 also states that *"The fiscal court shall fix annually the reasonable maximum amount, including fringe benefits, which the officer may expend for deputies and assistants, and allow the officer to determine the number to be hired and the individual compensation of each deputy and assistant."*

The County Clerk is the officer and the fiscal court is only supposed to "fix" or set the reasonable amount for deputies and assistants. The "officer" is not listed as being fixed or set along with the deputies and assistants.

CONCLUSION: I believe that the findings in the AUP Audit of the year 2020 for the Bullitt County Clerk's office are not accurate with regard to office payroll and are explained below in the spreadsheet. Office Operating Expenses encountered many challenges due to COVID 19. Many of the challenges were able to be reimbursed for, while others were simply treated as increased costs of doing business, because of COVID 19. GTO budgeted numbers and actual numbers are listed and adjustment numbers are listed below, along with explanations by line item. Payroll and Operating Expenses were not adjusted in front of the BC Fiscal Court in the year 2020 because our budget was approved in whole, not by line item. If any mistake was made, it was due to the fact that we failed to move money around to keep every line in budget. Ultimately though, our budget is approved in whole and my office's money that is held by the Department of Revenue, County Fees Branch, is in the black with more than sufficient excess fees.

Response to number 3-Audit 2020							
Payroll	2020	2020					
	Approved	Actual					
	Term order	County Clerk Figures					
	\$ 1,628,920.00	\$ 1,669,347.09	total				
		\$ (2,603.71)	Election OT reimbursement				
		\$ (117,023.37)	Kevin's Salary (adj by moving 1/2020 back to 2019 and 1/2021 back to 2020)				
		\$ 1,549,720.01					
Operating Expenses	\$ 90,000.00	\$ 278,614.63	total				
		\$ (11,909.68)	moved to Capital Outlay				
		\$ (9,477.65)	Election account reimbursed				
		\$ (29,128.33)	Covid Election related postage (which the SBE reimbursed us)				
		\$ (40,000.00)	Covid postage for mailing ALL plates, renewals, etc)				
		\$ (11,555.00)	Extra covid related expenses				
		\$ 176,543.97					
Capital Outlay	\$ 50,000.00	\$ 11,909.68	Equipment				
	\$ 1,768,920.00	\$ 1,738,173.66	Budget approved in whole, therefore term order				
			approved in whole				

The Honorable Jerry Summers, Bullitt County Judge/Executive
The Honorable Kevin Mooney, Bullitt County Clerk
Members of the Bullitt County Fiscal Court
(Continued)

3. (Continued)

Auditor's Reply: There is no issue with the amount of the Clerk's salary or who sets/fixes the salary, but rather that the Clerk overspent his approved budget. The fiscal court approved the Clerk's budget in whole in the amount of \$1,768,920, however the Clerk spent a total of \$1,944,227 (per EMARS 2550 reports), for a total overage of \$175,307. The Finance Cabinet's manual for "Financial Operation In Counties With Population Of 70,000 Or More" (which binds this Clerk), expressly requires the Clerk to include a Clerk's salary amount, and includes the form and process the Clerk is to use calculating and presenting this amount. This was not done. Moreover, the official's reply above subtracts the dollars paid to the Clerk as salary from being included as expenditures of the office. While statute sets the amount of the Clerk's salary, the actual payment of those dollars are payments of the office, and must be not only properly budgeted but also accounted for as an expenditure. This was not done above. The fundamental point of this finding is that the Clerk overspent his budget. While the reply notes that some expenditures were reimbursed, that does not negate the fact that expenditures in excess of a lawfully approved budget were made. Where a public official has available unbudgeted funding coupled with a public purpose of the office upon which such funds may be spent, such expenditures of unbudgeted funds are not authorized until a budget amendment has been approved by law through the fiscal court. Such amendments may be presented to and approved by the fiscal court in the middle of a calendar year.

4. Procedure -

Determine if the county clerk has reconciled the 75% account to the EMARS 2550 report.

Finding -

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

5. Procedure -

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

Finding -

No exceptions were found as a result of applying the procedure. The county clerk maintains even-year fee, usage, unclaimed property escrow, delinquent tax escrow, primary election, odd-year fee, and delinquent tax sale accounts.

6. Procedure -

Determine if the county clerk reconciles all bank accounts monthly. Re-perform the bank reconciliations for all accounts as of December 31, 2020, to determine the reconciled balances and if the amounts are accurate. Determine if any additional funds are due to the state repository for 75% or 25% accounts.

The Honorable Jerry Summers, Bullitt County Judge/Executive
 The Honorable Kevin Mooney, Bullitt County Clerk
 Members of the Bullitt County Fiscal Court
 (Continued)

6. (Continued)

Finding -

No exceptions were found as a result of applying the procedure. The balances of the county clerk's accounts are:

Account Name:	Reconciled Account Balance:
Even-Year Fee Account	\$ 5,404
Usage Account	\$ 12
Unclaimed Property Escrow Account	\$ 19,309
Delinquent Tax Escrow Account	\$ 768
Primary Election Account	\$ 22,808
Odd-Year Fee Account	\$ 0
Delinquent Tax Sale Account	\$ 8

7. Procedure -

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

Finding -

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

8. Procedure -

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

Finding -

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

9. Procedure -

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

Finding -

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

The Honorable Jerry Summers, Bullitt County Judge/Executive
The Honorable Kevin Mooney, Bullitt County Clerk
Members of the Bullitt County Fiscal Court
(Continued)

10. Procedure -

Judgmentally select one month's imprest cash voucher and review the attached receipts to determine if disbursements are for official business. Verify imprest cash vouchers are submitted monthly and agree to amounts reimbursed by the 75% account.

Finding -

Not applicable since the Bullitt County Clerk does not maintain an imprest cash account.

11. Procedure -

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

Finding -

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

12. Procedure -

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

Finding -

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

13. Procedure -

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

Finding -

The county clerk was paid \$116,437. The statutorily required salary was \$116,437.

14. Procedure -

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

Finding -

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

The Honorable Jerry Summers, Bullitt County Judge/Executive
The Honorable Kevin Mooney, Bullitt County Clerk
Members of the Bullitt County Fiscal Court
(Continued)

15. Procedure -

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

Finding -

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

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

The purpose of this report is to present the procedures performed and the results of those procedures and is not intended for any other purpose. This report is intended solely for the information and use of the Bullitt County Clerk and the Bullitt County Fiscal Court, and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

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

Mike Harmon
Auditor of Public Accounts

December 1, 2021