

**REPORT OF THE AUDIT OF THE
JEFFERSON COUNTY
CLERK**

**For The Year Ended
December 31, 2021**



**MIKE HARMON
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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

The Honorable Greg Fischer, Mayor, Louisville/Jefferson County Metro Government
The Honorable Bobbie Holsclaw, Jefferson County Clerk
Members of the Louisville/Jefferson County Metro Government

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 Jefferson 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, 2021, 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 Jefferson County Clerk and the receipts, disbursements, and fund balances of the Jefferson County Clerk's operating fund and county fund with the state treasurer for the year ended December 31, 2021, 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 paragraph, 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 Jefferson County Clerk, as of December 31, 2021, 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) and 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*. 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 Jefferson 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 Greg Fischer, Mayor, Louisville/Jefferson County Metro Government
The Honorable Bobbie Holsclaw, Jefferson County Clerk
Members of the Louisville/Jefferson County Metro Government

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 Jefferson 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.

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 statement as a whole is 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 statement.

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 statement, 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 statement.
- 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 Jefferson 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 statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Jefferson County Clerk's ability to continue as a going concern for a reasonable period of time.

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.

The Honorable Greg Fischer, Mayor, Louisville/Jefferson County Metro Government
The Honorable Bobbie Holsclaw, Jefferson County Clerk
Members of the Louisville/Jefferson County Metro Government

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2022, on our consideration of the Jefferson 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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Jefferson County Clerk's internal control over financial reporting and compliance.

Respectfully submitted,

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

Mike Harmon
Auditor of Public Accounts
Frankfort, KY

November 1, 2022

JEFFERSON COUNTY
BOBBIE HOLSCLOW, COUNTY CLERK
STATEMENT OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS

For The Year Ended December 31, 2021

Receipts

Libraries and Archives Grant		\$	8,910
State Fees For Services			679,620
Metro Government			2,911,180
Licenses and Taxes:			
Motor Vehicle-			
Licenses and Transfers	\$	21,396,507	
Usage Tax		99,896,732	
Tangible Personal Property Tax		88,388,175	
Other-			
Marriage Licenses		155,842	
Shelter for Spouse Abuse		43,360	
Deed Transfer Tax		7,456,484	
Delinquent Tax		13,451,699	
Delinquent Tax Sale Deposits and Overpayments		<u>14,030,036</u>	244,818,835
Fees Collected for Services:			
Recordings-			
Deeds, Easements, and Contracts		1,069,851	
Real Estate Mortgages		3,563,412	
Chattel Mortgages and Financing Statements		1,350,545	
Powers of Attorney		112,827	
Affordable Housing Trust		1,144,728	
Bail Bonds		1,281	
Fee for Library and Archives		153,990	
Tax Liens		568,190	
Extra Pages		119,722	
Assignments		104,247	
Releases		1,787,878	
Probate		81,221	
Lien Holder Penalties		5,848	
Corporate and Business		91,098	
Notary		276,521	
All Other Recordings		28,213	

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

JEFFERSON COUNTY
BOBBIE HOLSCLOW, COUNTY CLERK
STATEMENT OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS
For The Year Ended December 31, 2021
(Continued)

Receipts (Continued)

Fees Collected for Services: (Continued)

Charges for Other Services:

Candidate Filing Fees	\$	3,320	
Legal Records - Clerical Fees		2,787,908	
Postage		393,760	
Tracing		36,596	
Photostat		11,943	
Election Center Miscellaneous		591	
Motor Vehicle - Miscellaneous		461,735	
Returned Check Fees		4,670	
Miscellaneous (Reimbursed)		<u>20,855</u>	\$ 14,180,950

Interest Earned		<u>8,367</u>
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Total Receipts		262,607,862
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Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$ 14,693,485	
Usage Tax	96,897,430	
Tangible Personal Property Tax	33,755,412	
Licenses, Taxes, and Fees-		
Delinquent Tax	1,019,420	
Legal Process Tax	638,281	
Affordable Housing Trust	<u>1,144,728</u>	148,148,756

Payments to Louisville/Metro:

Tangible Personal Property Tax	9,732,758	
Delinquent Tax	2,169,249	
Deed Transfer Tax	<u>7,083,660</u>	18,985,667

Payments to Other Districts:

Tangible Personal Property Tax	41,364,478	
Delinquent Tax	<u>6,345,515</u>	47,709,993

Payments to Sheriff		1,016,434
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JEFFERSON COUNTY
BOBBIE HOLSCLOW, COUNTY CLERK
STATEMENT OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS
For The Year Ended December 31, 2021
(Continued)

Disbursements (Continued)

Payments to County Attorney	\$	1,863,971	
Other Regulatory Payments:			
Delinquent Tax Sales Refunds		14,030,036	
Other Disbursements:			
Bank Service Charges	\$	991,027	
Libraries and Archives		<u>8,910</u>	<u>999,937</u>
Total Disbursements			<u>\$ 232,754,794</u>
Net Receipts			29,853,068
Payments to State Treasurer:			
75% Operating Fund *		24,170,725	
25% County Fund		<u>5,682,343</u>	<u>29,853,068</u>
Balance Due at Completion of Audit			<u>\$ 0</u>

* Includes reimbursed expenses in the amount of \$7,124,373 for the audit period.
See Note 1 of Notes to Financial Statements.

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

JEFFERSON COUNTY
BOBBIE HOLSCLAW, 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, 2021

	75% Operating Fund	25% County Fund	Totals
Fund Balance - January 1, 2021	\$ 4,142,874	\$	\$ 4,142,874
<u>Receipts</u>			
Fees Paid to State - Operating Funds (75%)	24,170,725		24,170,725
Fees Paid to State - County Funds (25%)		5,682,343	5,682,343
Total Funds Available	28,313,599	5,682,343	33,995,942
<u>Disbursements</u>			
Jefferson County/Louisville Metro Government		5,682,343	5,682,343
Personnel Services-			
Official's Statutory Maximum	131,137		131,137
Official's Expense Allowance	3,600		3,600
Official's Training Incentive	8,686		8,686
Deputies' Salaries	9,497,400		9,497,400
Overtime Gross	17,940		17,940
Employee Benefits-			
Employer's Share Social Security	723,795		723,795
Employer's Share Retirement	2,469,497		2,469,497
Employer's Share Health Insurance	2,125,554		2,125,554
Workers' Compensation	48,450		48,450
Unemployment Insurance	18,201		18,201
Other Payroll Disbursements	5,670		5,670
Occupancy-			
Rent	85,440		85,440
Telephone	187,856		187,856
Gas/Electric	21,562		21,562
Mileage and Gasoline - Delivery	10,420		10,420
Maintenance and Repairs	470,934		470,934

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

JEFFERSON COUNTY
BOBBIE HOLSCLOW, 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, 2021
(Continued)

	75%	25%	
	Operating	County	
	Fund	Fund	Totals
<u>Disbursements</u> (Continued)			
Services-			
Personal Services	\$ 339,277	\$	\$ 339,277
Security Services	91,988		91,988
Janitorial Services	72,174		72,174
Printing	78,070		78,070
Advertising	13,700		13,700
Election Workers Payments	213,630		213,630
Supplies and Materials-			
Postage and Delivery	110,731		110,731
Office Expense	147,422		147,422
Parking	156,865		156,865
Minor Equipment-			
Rental Equipment	37,317		37,317
Travel and Entertainment			
Meetings	1,985		1,985
Seminars	520		520
Tuition	1,197		1,197
Other Operating-			
Insurance and Bonds	101,961		101,961
Returned Check Expense	12,080		12,080
Notary Bonds	2,032		2,032
Membership Dues	35,293		35,293
Subscriptions	2,322		2,322

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

JEFFERSON COUNTY
BOBBIE HOLSCLOW, 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, 2021
(Continued)

	75% Operating Fund	25% County Fund	Totals
<u>Disbursements (Continued)</u>			
Capital Outlay-			
Office Equipment	\$ 26,712	\$	\$ 26,712
Computer Equipment	1,013,973		1,013,973
Computer Software	191,832		191,832
Furniture and Cabinets	18,363		18,363
Remodeling and Renovations	445,032		445,032
Total Disbursements	18,940,618	5,682,343	24,622,961
Fund Balance - December 31, 2021	\$ 9,372,981	\$ 0	\$ 9,372,981

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

JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, from the county clerk as determined by the audit. KRS 64.830 requires an outgoing clerk to make a final settlement with the fiscal court of his county by March 15 immediately following the expiration of his or her term of office.

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 2021 services
- Reimbursements for 2021 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 2021

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).

JEFFERSON COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2021
 (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 2019 was \$2,094,866, calendar year 2020 was \$2,275,065, and calendar year 2021 was \$2,469,467.

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 Kentucky Retirement System 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 24.06 percent for the first six months and 26.95 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:

JEFFERSON COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2021
 (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.

JEFFERSON COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2021
 (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.

KRS 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

The Jefferson 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 Jefferson 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, 2021, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021
(Continued)

Note 4. Libraries and Archives Grant

The Jefferson County Clerk received a local records microfilming grant in 2019 from the Kentucky Department for Libraries and Archives that had an unexpended balance of \$8,910 on January 1, 2021. The grant was fully expended for its intended purpose as of December 31, 2021.

Note 5. Lease Agreements

Commitments to the following lease agreements as of December 31, 2021, were:

Item Leased	Payment	Term Of Agreement	Ending Date	Principal Balance 12/31/21
Postage Meter - Logistics	\$ 1,514	60 months	2/20/24	\$ 13,629
Postage Meter - Finance	473	60 months	12/31/22	1,420
Total	<u>\$ 1,987</u>			<u>\$ 15,049</u>

Note 6. Rental Agreements

The Jefferson County Clerk was party to several rental agreements for copiers during calendar year 2021. These agreements were on a month-to-month basis and could be terminated at any time.

Note 7. Going Out of Business Account

This account is used for deposits made by companies who must post a bond when they have a going out of business sale. After the sale, the bond may be released to the company. The account had a beginning balance of \$16,956 with \$10 of receipts and \$19 of disbursements. The ending balance was \$16,947 as of December 31, 2021.

Note 8. Bankruptcy Account

This account is used for bankruptcy payments from the Chapter 13 bankruptcy trustee. The payments from the trustee are for tangible property tax due to the state or clerk or for delinquent property tax owed. The account had a beginning balance of \$79,223, with \$54 of receipts and \$106 in disbursements during calendar year 2021. The account balance was \$79,171 as of December 31, 2021.

Note 9. Delinquent Tax Escrow Account

This account is used to account for funds received when a third party purchases a delinquent tax bill but cannot be located by the property owner when the property owner attempts to pay the bill. The county clerk accepts payment for the bill and keeps this money in escrow for the third-party purchaser. The account had a beginning balance of \$35,460, with receipts of \$1,368 and no disbursements, leaving an account balance of \$36,828 as of December 31, 2021.

JEFFERSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021
(Continued)

Note 10. Outstanding Checks Escrow Account

This account is used to account for unclaimed checks written by the county clerk that are still outstanding after a period of time. The county clerk periodically moves the funds from the fee account to this account to facilitate balancing and to provide the necessary tracking of this unclaimed property. The county clerk will send these funds to the Kentucky State Treasury as property assumed abandoned, pursuant to KRS 393.090 and 393.110. The account had a beginning balance of \$5,164, with receipts of \$14,594 and disbursements of \$19,128 for calendar year 2021. The account balance was \$630 as of December 31, 2021.

Note 11. 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 related to extraordinary office expenses in amounts authorized by the approving authority. The account had a beginning balance of \$36,750 with no receipts or disbursements for calendar year 2021. The account balance was \$36,750 as of December 31, 2021.

Note 12. Imprest Cash Account

The Finance and Administration Cabinet – County Fee Systems Branch authorized the Jefferson County Clerk to administer an Imprest Cash Fund in the amount of \$65,000. This fund is to be used for expenses, such as postage and other necessary expenses \$1,000 or less that needs to be paid in less than a 10 day turn around except travel and payroll expenses.

Note 13. Federal Grant

The Jefferson County Clerk's office received a CARES federal grant through the Kentucky State Board of Elections in the amount of \$407,055 in prior year. The election fund had a beginning balance of \$74,119 and \$74,119 was expended during the year. The grant was fully expended for its intended purpose as of December 31, 2021.

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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*

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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 Greg Fischer, Mayor, Louisville/Jefferson County Metro Government
The Honorable Bobbie Holsclaw, Jefferson County Clerk
Members of the Louisville/Jefferson County Metro Government

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts and Disbursements - Regulatory Basis of the County Clerk of Jefferson 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, 2021, and the related notes to the financial statements, and have issued our report thereon dated November 1, 2022. The Jefferson 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.

Internal Control over Financial Reporting

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

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Jefferson 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 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,

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

Mike Harmon
Auditor of Public Accounts
Frankfort, KY

November 1, 2022