

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

**For The Period
January 1, 2021 Through December 31, 2021**



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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

SUMMARY OF PROCEDURES AND FINDINGS

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

For The Period January 1, 2021 Through December 31, 2021

The Lincoln 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 2021 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 (an instance of noncompliance with the criteria) was identified during the AUP engagement.

During the AUP engagement of the Lincoln County Clerk, the following exceptions were noted:

- The county clerk's operating disbursements were compared to the county clerk's approved budget and the county clerk overspent his operating budget by \$10,220.
- Excess fees due to the fiscal court were recalculated and there are \$358 in additional excess fees due to the fiscal court.
- Payroll charges are not properly supported by timesheets. Timesheets did not show the number of hours worked each day by each employee. A report of accumulated leave time is not maintained for each pay period.

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
April 25, 2022



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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

Independent Accountant's Report
On Applying Agreed-Upon Procedures

The Honorable Jim W. Adams, Jr., Lincoln County Judge/Executive
The Honorable George Spoonamore, Lincoln County Clerk
Members of the Lincoln County Fiscal Court

We have performed the procedures enumerated below, which were agreed to by the Lincoln 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, 2021 through December 31, 2021. An agreed-upon procedures engagement involves the APA performing specific procedures that the clerk 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 Lincoln 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. The Lincoln County Clerk has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of determining 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. The purpose of the engagement is to assist users in determining whether the clerk complied with the specified requirements. 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 the associated 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.



The Honorable Jim W. Adams, Jr., Lincoln County Judge/Executive
 The Honorable George Spoonamore, Lincoln County Clerk
 Members of the Lincoln County Fiscal Court
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3. Procedure -

Compare the county clerk's operating disbursements (fourth quarter or settlement amounts) to the budget approved by fiscal court to determine if the county clerk overspent the budget.

Finding -

The county clerk's operating disbursements were compared to the county clerk's approved budget and the county clerk overspent his operating budget by \$10,220.

County Clerk's Response: Operating budget will be reviewed each quarter to be sure approved budget amendments are made and updated on the quarterly reports.

4. Procedure -

Determine if the county clerk provided a settlement of excess fees to fiscal court by March 15, 2022 and determine if excess fees were remitted at that time.

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 a general account 1, a general account 2, and a usage tax account.

6. Procedure -

Determine if the county clerk reconciles all bank accounts monthly. Re-perform the bank reconciliations for all accounts as of December 31, 2021, to determine the reconciled ending balances and if bank reconciliations are accurate.

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: | |
|---------------|--------------------------------|-----|
| Fee Account | \$ | 358 |
| Usage Account | \$ | 123 |

The Honorable Jim W. Adams, Jr., Lincoln County Judge/Executive
 The Honorable George Spoonamore, Lincoln County Clerk
 Members of the Lincoln County Fiscal Court
 (Continued)

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 disbursement 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.

10. Procedure -

Determine excess fees due to fiscal court by recalculating the difference between total receipts and total disbursements. Verify amounts paid to determine if additional excess fees are due to fiscal court.

Finding -

Excess fees due to the fiscal court were recalculated and there are \$358 in additional excess fee due to the fiscal court.

| | |
|---------------------------------|------------------|
| Total Receipts | \$ 5,437,470 |
| Total Disbursements | <u>5,174,112</u> |
| Excess Fees Due County for 2021 | 263,358 |
| Payment to Fiscal Court | <u>263,000</u> |
| Balance Due Fiscal Court | <u>\$ 358</u> |

County Clerk's Response: Remaining finds in fee account after excess fees of \$263,000 turned over to fiscal court are turned over in the amount of \$357.88 via check number 10100 dated April 26, 2022.

The Honorable Jim W. Adams, Jr., Lincoln County Judge/Executive
The Honorable George Spoonamore, Lincoln County Clerk
Members of the Lincoln County Fiscal Court
(Continued)

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. (Not applicable to fee pooling counties)

Finding -

Payroll charges were not properly supported by timesheets. Timesheets did not show the number of hours worked each day by each employee. A report of accumulated leave time is not maintained for each pay period.

County Clerk's Response: Weekly timesheets in 2022 are redesigned with days and hours worked and turned over to the bookkeeper each Monday by all employees. A ledger is kept by the bookkeeper for accumulated leave and sick time.

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 \$98,352. The statutorily required salary was \$98,352.

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.

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.

The Honorable Jim W. Adams, Jr., Lincoln County Judge/Executive
The Honorable George Spoonamore, Lincoln County Clerk
Members of the Lincoln County Fiscal Court
(Continued)

We were engaged by the Lincoln County Clerk 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 Lincoln County Clerk 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 Lincoln County Clerk and the Lincoln 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

April 25, 2022