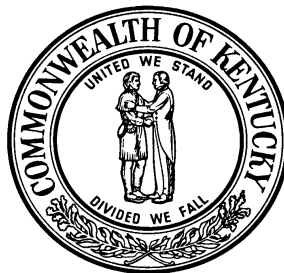


**REPORT OF THE AUDIT OF THE
BELL COUNTY
CLERK**

**For The Year Ended
December 31, 2016**



**MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS
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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Albey Brock, Bell County Judge/Executive
The Honorable Debbie Gambrel, Bell County Clerk
Members of the Bell County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We have audited the accompanying Statement of Receipts, Disbursements, and Excess Fees - Regulatory Basis of the County Clerk of Bell County, Kentucky, for the year ended December 31, 2016, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement 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 a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit 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 Guide for County Fee Officials* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



The Honorable Albey Brock, Bell County Judge/Executive
The Honorable Debbie Gambrel, Bell County Clerk
Members of the Bell County Fiscal Court

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the Bell 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, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement 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.

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 Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Bell County Clerk, as of December 31, 2016, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the Bell County Clerk for the year ended December 31, 2016, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.


Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2017, on our consideration of the Bell 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 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 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 entity’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 comments:

- 2016-001 The Bell County Clerk Spent Fee Receipts On Disallowed Disbursements
- 2016-002 The Bell County Clerk’s Fourth Quarter Report Was Materially Misstated

Respectfully submitted,



Mike Harmon
Auditor of Public Accounts

August 16, 2017

BELL COUNTY
DEBBIE GAMBREL, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2016

Receipts

State Fees For Services

Registration of Voters	\$ 4,604	
New Voter Registrants	<u>186</u>	\$ 4,790

Fiscal Court

Tax Bill Preparation Fee	5,537	
Real Estate Conveyance for PVA	2,137	
Fiscal Court Clerk	1,625	
County Reimbursement	23,587	
Election Board Tax Appeal Reimbursement	2,190	
Retirement Reimbursement	<u>41,362</u>	76,438

License and Taxes:

Motor Vehicle-

Licenses and Transfers	585,931	
Child Victim Fund	82	
Usage Tax	1,574,590	
Notary Fees	3,272	
Lien Release Fees	10,994	
Tangible Property Tax (Motax)	1,587,270	
Miscellaneous Income	905	

Other-

Fish and Game	4,790	
Marriage Licenses	8,484	
Occupational	305	
Beer and Liquor Licenses	25	
Deed Transfer Tax	34,286	
Delinquent Taxes	338,724	
Bank Franchise Taxes	<u>21,514</u>	4,171,172

Fees Collected For Services:

Recordings-

Chattel Mortgages & Financing Statements	53,370	
Real Estate Mortgages and Fixture Filing	19,852	
Affordable Housing Trust Funds	16,542	
Deeds, Easements, Contracts	11,157	
Releases	<u>5,795</u>	106,716

The accompanying notes are an integral part of this financial statement.

BELL COUNTY
 DEBBIE GAMBREL, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS
 For The Year Ended December 31, 2016
 (Continued)

Receipts (Continued)

Fees Collected For Services: (Continued)

Recordings- (Continued)

Liens & Lis Pendens	\$	5,272	
Miscellaneous Recordings		4,743	
Power Of Attorney		1,712	
Wills, Estate Settlements & Accom.		648	
Leases		268	
Charges for Other Services-			
Candidate Filing Fees		1,560	
Copywork		10,402	
Notary Fees		757	
Refunds/Overpayments		11,081	
			\$ 36,443

Miscellaneous 3,468

Interest Earned 284

Total Receipts 4,399,311

Disbursements

Payments to State:

Motor Vehicle-

License and Transfers	\$	403,660	
Usage Tax		1,527,352	
Tangible Personal Property Tax		544,342	
Licenses, Taxes, and Fees-			
Fish and Game Licenses		4,642	
Delinquent Tax		33,202	
Legal Process Tax		17,488	
Affordable Housing Trust		16,542	
			2,547,228

Payments to Fiscal Court:

Tangible Personal Property Tax		162,468	
Delinquent Tax		35,912	
Deed Transfer Tax		32,572	
Occupational Licenses		190	
Bank Franchise Taxes		21,515	
			252,657

The accompanying notes are an integral part of this financial statement.

BELL COUNTY
 DEBBIE GAMBREL, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS
 For The Year Ended December 31, 2016
 (Continued)

Disbursements (Continued)

Payment to Other Districts:

Tangible Personal Property Tax	\$ 816,881	
Delinquent Tax	<u>175,219</u>	\$ 992,100

Payments to Sheriff 25,131

Payments to County Attorney 40,268

Operating Disbursements:

Personnel services-

Deputies' Salaries 243,579

Employee Benefits-

Employer's Share Social Security 23,983

Employer's Match - Retirement 41,675

Contracted Services-

Professional Services 2,966

Contract Labor 117

Printing and Binding 154

Office Equipment & Agreements 35,189

Supplies and Materials-

Office Supplies 3,967

Branch Expenses 3,813

Other Charges-

Refunds 11,563

Preparing Tax Bills 1,048

Conventions and Travel 2,798

Miscellaneous Bank Transactions 253

Uncollected Returned Checks 567

Advertising 100

Clerk's Insurance & Bonds 369

Miscellaneous Clerk Office Expense 6,097

Election Expense 44,638

Dues and Memberships 2,770 425,646

BELL COUNTY
 DEBBIE GAMBREL, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS
 For The Year Ended December 31, 2016
 (Continued)

Disbursements (Continued)

Debt Service:		
Lease Purchases	\$	<u>4,443</u>
Total Disbursements		<u>\$ 4,287,473</u>
Less: Disallowed Disbursements		
Advertisements		<u>365</u>
Total Allowable Disbursements		<u>4,287,108</u>
Net Receipts		112,203
Less: Statutory Maximum		<u>83,656</u>
Excess Fees		28,547
Less: Expense Allowance	3,600	
Training Incentive Benefit	<u>1,984</u>	<u>5,584</u>
Excess Fees Due County for 2016		22,963
Payment to Fiscal Court - March 9, 2017		<u>22,000</u>
Balance Due Fiscal Court at Completion of Audit	\$	<u><u>963</u></u>

The accompanying notes are an integral part of this financial statement.

BELL COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2016

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, due from the county clerk as determined by the audit. KRS 64.152 requires the county clerk to settle excess fees with the fiscal court by March 15 each year.

The financial statement has been prepared on a regulatory basis of accounting, which 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 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2016 services
- Reimbursements for 2016 activities
- Payments due other governmental entities for December tax and fee collections and payroll
- Payments due vendors for goods or services provided in 2016

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the county treasurer in the subsequent year.

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).

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

The county official and employees have elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (KRS). 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.

BELL COUNTY
 NOTES TO FINANCIAL STATEMENT
 December 31, 2016
 (Continued)

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

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 the plan. The county's contribution rate for nonhazardous employees was 17.06 percent for the first six months and 18.68 percent for the last six months.

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 members contribute five percent of their annual creditable compensation and 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 Board 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 nonhazardous member's account is credited with a four percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

The county clerk's contribution for calendar year 2014 was \$57,411, calendar year 2015 was \$42,107, and calendar year 2016 was \$41,675.

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.

CERS also 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:

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, 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.

BELL COUNTY
 NOTES TO FINANCIAL STATEMENT
 December 31, 2016
 (Continued)

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

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. 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.

Note 3. Deposits

The Bell County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC 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 Bell County Clerk does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 66.480(1)(d) and KRS 41.240. As of December 31, 2016, all deposits were covered by FDIC insurance or a properly executed collateral security agreement. However, as of September 6, 2016, 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 \$39,459

Note 4. Grant

The Bell County Clerk's office maintains a bank account with funds from a local records microfilming grant from the Kentucky Department for Libraries and Archives. The account had a balance of \$2,310 as of January 1, 2016, and no activity occurred during the calendar year.

Note 5. Lease Agreements

The Bell County Clerk's office was committed to the following lease agreements as of December 31, 2016:

Item	Monthly	Remaining	Principal
<u>Purchased</u>	<u>Payment</u>	<u>Term Of</u>	<u>Balance</u>
		<u>Agreement</u>	<u>December 31, 2016</u>
Copier	\$ 376	32	\$ 11,870
Postage Machine	103	39	4,008

The lease agreement for the postage machine is an obligation of the county clerk, but the lease payments have been paid by the fiscal court.

BELL COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2016
(Continued)

Note 5. Lease Agreements (Continued)

In addition, the clerk is obligated to the following agreements:

- A. A software license agreement for use of software in operation of the office. The agreement term was June 1, 2014 through May 31, 2016 and automatically renews for additional one year terms thereafter. During calendar year ending December 31, 2016, the clerk made 12 payments of \$2,005 totaling \$24,060.
- B. A hardware purchase and service agreement for the use of hardware in operation of the office. The agreement term was June 1, 2014 through May 31, 2016 and automatically renews for additional one year terms thereafter. The clerk made 12 monthly payments of \$331 per month, two installment payments of \$3,962, and two installment payments of \$509, totaling \$12,914.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Albey Brock, Bell County Judge/Executive
The Honorable Debbie Gambrel, Bell County Clerk
Members of the Bell County Fiscal Court

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

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, Disbursements, and Excess Fees - Regulatory Basis of the Bell County Clerk for the year ended December 31, 2016, and the related notes to the financial statement and have issued our report thereon dated August 16, 2017. The Bell County Clerk's financial statement is 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 statement, we considered the Bell County Clerk's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Bell County Clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bell County Clerk's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 statement will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2016-002 to be a material weakness.



Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Bell County Clerk's financial statement is 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 determination of financial statement amounts. 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 of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2016-001.

Views of Responsible Official and Planned Corrective Action

The Bell County Clerk's views and planned corrective action to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Bell County Clerk's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

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 Harmon", with a long horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts

August 16, 2017

SCHEDULE OF FINDINGS AND RESPONSES

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BELL COUNTY
DEBBIE GAMBREL, COUNTY CLERK
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended December 31, 2016

STATE LAWS AND REGULATIONS:

2016-001 The Bell County Clerk Spent Fee Receipts On Disallowed Disbursements

The Bell County Clerk made disallowed disbursements from the 2016 fee account for the purchase of four advertisements in local school sports programs and the local newspaper totaling \$365. This is a repeat finding and was included in the prior year audit report as finding 2015-002.

The disbursements occurred before the clerk became aware what disbursements are allowable from the fee account. As a result, excess fees due and paid to fiscal court were underpaid by \$365.

In Funk v. Milliken, 317 S.W.2d 499 (Ky. 1958), Kentucky's highest court ruled that county fee officials' expenditures of public funds will be allowed only if they are necessary, adequately documented, reasonable in amount, beneficial to the public, and not primarily personal in nature.

We recommend the clerk reimburse the 2016 fee account \$365 and then remit this amount the Bell County Fiscal Court as additional excess fees.

County Clerk's Response: We were not made aware that office money could not be spent on office advertisements to local school and events until after our 2015 audit exit on November 29, 2016. At that time these errors had already been repeated in 2016. Now clerk pays for any advertisement with personal funds.

Clerk has reimbursed the 2016 General Office fee account \$365.00 from her personal checking account for ALL disallowed office advertisement supporting local schools, boosters and events.

INTERNAL CONTROL - MATERIAL WEAKNESS:

2016-002 The Bell County Clerk's Fourth Quarter Report Was Materially Misstated

The Bell County Clerk's fourth quarter report was not an accurate representation of the financial activity of the office for calendar year 2016. Twenty-one adjustments and reclassifications to the receipt ledger totaling \$76,477 and 23 adjustments and reclassifications to the disbursements ledger were necessary totaling \$118,692 to reconcile the clerk's fourth quarter report for the 2016 fee account. These adjustments and reclassifications total \$195,169, which represents an amount material to the financial statements.

The county clerk indicated that due to lack of experience and training, the bookkeeper did not accurately post transactions to correct line items on the receipts and disbursements ledgers.

The county clerk's ledgers and financial statements were not an accurate representation of the actual financial activity of the office for calendar year 2016. As an example of the types of errors on the financial statement, the payroll reports did not reconcile to the ledgers and audited financial statement. Eight reclassifications totaling \$62,221 were made in an effort to reconcile the audited financial statements; however, there was an irreconcilable difference of \$1,090 between the total payroll reports and the audited financial statement.

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. Pursuant to KRS 68.210, the State Local Finance Officer has prescribed minimum accounting and reporting standards in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual*.

BELL COUNTY
DEBBIE GAMBREL, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2016
(Continued)

INTERNAL CONTROL - MATERIAL WEAKNESS: (Continued)

2016-002 The Bell County Clerk's Fourth Quarter Report Was Materially Misstated (Continued)

We recommend the Bell County Clerk comply with minimum accounting and reporting standards by ensuring all postings to receipts and disbursements ledgers are accurate.

County Clerk's Response: Our bookkeeper assigned receipts, disbursements and transferred to wrong line items and categories, not being familiar with coding. No money missing, bookkeeping error. Payroll in January 2017 was taken out of 2016 bank account in error and had to be corrected and funds had to be transferred from 2016 account to 2017 account to correct the error.

Bookkeeper and our Software company will monitor closer, postings to receipts and disbursements ledgers. Bookkeeper will check ALL postings to ledger.