



Auditor of Public Accounts Allison Ball

FOR IMMEDIATE RELEASE

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Ball Releases Audit of Elliott County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Allison Ball released the audit of the 2022 financial statement of Elliott County Clerk Jennifer Carter. State law requires the auditor to conduct annual audits of county clerks and sheriffs.

Auditing standards require the auditor's letter to communicate whether the financial statement presents fairly the receipts, disbursements, and excess fees of the Elliott County Clerk in accordance with accounting principles generally accepted in the United States of America. The clerk's financial statement did not follow this format. However, the clerk's financial statement is fairly presented in conformity with the regulatory basis of accounting, which is an acceptable reporting methodology. This reporting methodology is followed for all 120 clerk audits in Kentucky.

The audit contains the following findings:

The Elliott County Clerk Is Not Fulfilling Her Duties As An Elected County Official: The county clerk is not meeting the requirements and other statutory requirements. The county clerk does not devote sufficient time to financial reporting and has not implemented policies and procedures to ensure all financial activity is compiled and reported timely. Additionally, the county clerk failed to implement policies and procedures to ensure taxes are distributed to taxing districts timely. The county clerk is in violation of many statutes that govern fee office operations. Most importantly, taxing districts (state, county, school, library, health department, extension district, conservation, etc.) are owed substantial amounts of taxes and have been deprived of these resources for a significant time.

We recommend the county clerk take immediate action to remedy the issues outlined in these comments and recommendations. Further, we recommend the county clerk implement policies and procedures for her office to ensure these issues are corrected for future periods. This matter will be referred to the Department of Revenue, Office of the Attorney General, and the Department for Local Government.

County Clerk's Response: The official did not provide a response.

The Elliott County Clerk's Office Does Not Have Adequate Segregation Of Duties And Internal Controls Over Fee Receipts And Disbursements: The county clerk prepares daily deposits, prepares checks, signs checks, and collects cash from customers. The bookkeeper posts to the receipts and disbursements ledgers, reconciles bank accounts, and prepares the quarterly report. According to the county clerk, this condition is a result of a limited budget, which restricts the number of employees the county clerk can hire or delegate duties to.

We recommend the county clerk's office adequately segregate duties and implement internal controls to ensure transactions are recorded timely. Employees receiving payments and preparing deposits should not be posting to the receipts ledger and preparing bank reconciliations.

County Clerk's Response: The official did not provide a response.

The Elliott County Clerk's Fourth Quarter Report Was Not Submitted To The Department For Local Government (DLG) And It Contained Material Errors: No other quarterly reports were prepared or submitted to DLG for calendar year 2022. Numerous adjustments were necessary to correct material errors. Several errors were made

when classifying items on the receipts and disbursements ledgers and when carrying items over from the ledgers to the fourth quarter report. Adjustments of \$422,619 were made to the county clerk’s receipts ledger and \$241,135 to the county clerk’s disbursements ledger.

We recommend the county clerk submit her quarterly reports to DLG timely in the future. Also, we recommend the county clerk reconcile her ledgers to weekly and monthly reports to ensure amounts are posted to the correct category to help prevent material errors from occurring.

County Clerk’s Response: The official did not provide a response.

The Elliott County Clerk Did Not Present An Annual Settlement To The Fiscal Court: The lack of compliance with applicable state laws and DLG reporting requirements has led to the fiscal court not being adequately informed of the financial activities of the county clerk’s office, resulting in the limited ability to appropriately monitor the financial activity and make fully informed financial decisions for the county.

We recommend the county clerk implement controls to ensure compliance with KRS 64.152 by presenting an annual settlement to the fiscal court by March 15.

County Clerk’s Response: The official did not provide a response.

The Elliott County Clerk Made Four Late Deposits Totaling \$17,238: The county clerk’s receipts were not batched and deposited daily, resulting in a delay of more than three business days before a day’s receipts were posted to the bank. Furthermore, there were two business days where receipts went missing and were never deposited. Details are as follows: of the sample we tested, deposits were between one to four days late, totaling \$17,238; the January 3, 2022, daily receipts were not deposited into the bank in full. There was a partial deposit made on November 21, 2022, for the January 3 receipt. This deposit consisted of \$2,289 in cash, 14 checks totaling \$619 between 11-12 months late, and \$2,597 for credit card payments. The deposit was short \$2,362 which consisted of six undeposited taxpayer checks from the daily checkout; and the May 14, 2022, daily receipts were not deposited into the bank. This deposit consisted of \$107 in cash and \$1,079 in undeposited taxpayer checks.

We recommend the county clerk’s office batch receipts and prepare a checkout sheet daily and make deposits per the uniform system of accounts. Further, we recommend the county clerk develop procedures to ensure receipts are secured and accounted for until they are deposited. On February 8, 2024, the Elliott County Clerk wrote a personal check in the amount of \$3,549 to reimburse the fee account for the missing deposits. This matter will be referred to the Office of the Attorney General.

County Clerk’s Response: Deposit procedures have been corrected and will be reflected in our 2023 audit.

The Elliott County Clerk Did Not Pay Delinquent Taxes To Districts Timely And Owes \$26,861 To Taxing Districts: For 2022, three months were between 4 and 63 days late and four months were not paid at all. Delinquent tax payments are unpaid for April 2022 and September through November 2022 in the amount of \$26,861 as follows:

Taxing District	Amount Due	Months Unpaid
County Attorney	4,352	April, September, October, and November
Sheriff	2,459	April, September, October, and November
State	2,678	April, September, October, and November
County	2,720	April, September, October, and November
School	7,930	September, October, and November
Health	1,675	April, September, October, and November
Extension	1,671	April, September, October, and November
Ambulance	2,029	April, September, October, and November
Soil Conservation	1,306	April, September, October, and November
Fire Acres	42	April, September, October, and November
	26,861	

We recommend the county clerk implement controls to ensure monthly delinquent tax payments are paid by the tenth of each month in accordance with KRS 134.126(3).

County Clerk’s Response: Districts have been paid and more timely payments have been processed.

The Elliott County Clerk Owes Ad Valorem Taxes To Taxing Districts In The Amount Of \$50,724: The following chart depicts amounts due to taxing districts.

District	Amount Due	Months Not Paid
County	10,248	October and November
Health	4,183	October and November
Extension	2,092	October and November
Ambulance	4,659	October and November
School	29,542	October and November

Besides the amounts due above, the county clerk overpaid the state for the months of August and October, for a total of \$595. The county clerk neglected to ensure ad valorem taxes were remitted accurately and timely. As a result, districts were not always paid the correct amount and/or paid timely and unable to use funds due to them. In addition, the county clerk increases the risk of incurring penalties that are prohibited from being paid from the fee account.

We recommend the county clerk ensure the payment made to districts agrees to the reports and pays the taxing districts in accordance with state law. We also recommend the county clerk remit the amounts due above to the districts and collect the overpayment from the state.

County Clerk’s Response: Ad valorem has been paid – improvements will be reflected in 2023 audit.

The Elliott County Clerk Did Not Remit Affordable Housing Or Legal Process Payments To The State Timely:

The county clerk did not remit the following payments timely, by the 10th of the month following the end of the period, resulting in quarterly Affordable Housing payments were late, each quarterly payment was between 177 to 452 days late and monthly legal process taxes were late, each monthly payment was between 177 to 511 days late.

We recommend the county clerk implement internal controls to ensure that affordable housing fees and legal process taxes are paid timely.

County Clerk’s Response: We are working on correcting this.

The Elliott County Clerk Did Not Comply With The County’s Fee Pooling Ordinance: As depicted in the following chart, the county clerk did not remit her monthly excess fees timely to fiscal court per the fee-pooling ordinance:

Excess Fee Month	Date Check Written	Days Late
January	6/29/23	504
February	4/14/22	35
March	1/26/23	291
April	1/27/23	262
May	1/30/23	234
June	6/29/23	354
July	9/19/22	40
August	9/3/22	0
September	6/29/23	262
October	6/29/23	231
November	6/29/23	201
December	6/29/23	170

In addition, the county clerk remitted payment for 22 invoices for postage totaling \$525 instead of submitting the invoices to fiscal court for payment. According to the county clerk, she wanted to ensure she was remitting the correct amount of excess fees, which delayed payment timeliness.

We recommend the county clerk comply with the county’s fee pooling ordinance by paying excess fees based on calculations from the county clerk’s financial records no later than the tenth of the month for the preceding month. We recommend the county clerk submit any invoices to be paid on behalf of her office to the county treasurer for payment.

County Clerk’s Response: The official did not provide a response.

The Elliott County Clerk Does Not Have Adequate Controls Over Non-Sufficient Funds (NSF) Checks Or Storage Fees: The bank returned six checks from customers for non-sufficient funds (NSF). Of those six NSF checks, the county clerk did not receive repayment and failed to properly handle follow-up protocols on six of the checks totaling \$1,216. The county clerk did not maintain proper documentation for these checks, so auditors were unable to verify whether any of the checks were for the county clerk or one of her employees.

We recommend the county clerk ensure that NSF checks are collected, and if not, either the check is turned over to the county attorney or the AVIS service is cancelled, delinquent tax, etc. We further recommend that the county clerk ensure she is maintaining all relevant documentation for NSF checks.

County Clerk's Response: The official did not provide a response.

The Elliott County Clerk Did Not Follow Correct Record Retention Procedures: The county clerk disposed of 2022 daily check-out sheets before three years had passed and before the audit was completed. The county clerk did not know the requirements or best practice. She believed she could dispose of the check-out sheets.

We recommend the county clerk follow the record retention schedule set by the State Libraries, Archives, and Records Commission and maintain check-out sheets for at least three years.

County Clerk's Response: This was an oversight – has been reviewed by all employees – corrected.

The Elliott County Clerk Has Not Settled The 2020 Or 2021 Fee Accounts: The county clerk has not settled the 2020 or 2021 Fee Accounts. There is one receivable in the amount of \$7,809 deposited into the 2021 Fee Account rather than the 2020 Fee Account. There are three outstanding liabilities totaling \$25,950 to be paid from the 2020 Fee Account. There were two overpayments totaling \$5,361 due back to the fee account and \$27,379 in outstanding liabilities to be paid from the 2021 Fee Account.

We recommend the county clerk settle the 2020 and 2021 fee accounts.

County Clerk's Response: The official did not provide a response.

The county clerk's responsibilities include collecting certain taxes, issuing licenses, maintaining county records, and providing other services. The clerk's office is funded through statutory fees collected in conjunction with these duties. The audit report can be found on the [auditor's website](#).

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