

**REPORT OF THE AUDIT OF THE
ELLIOTT COUNTY
CLERK**

**For The Year Ended
December 31, 2022**



**ALLISON BALL
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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

The Honorable Myron S. Lewis, Elliott County Judge/Executive
The Honorable Jennifer Carter, Elliott County Clerk
Members of the Elliott County Fiscal Court

Report on the Audit of the Financial Statement

Opinions

We have audited the accompanying Statement of Receipts, Disbursements, and Excess Fees - Regulatory Basis of the County Clerk of Elliott County, Kentucky, for the year ended December 31, 2022, and the related notes to the financial statement.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement presents fairly, in all material respects, the receipts, disbursements, and excess fees of the Elliott County Clerk for the year ended December 31, 2022, 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 Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statement does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Elliott County Clerk, as of December 31, 2022, 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* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. 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 Elliott 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 Myron S. Lewis, Elliott County Judge/Executive
The Honorable Jennifer Carter, Elliott County Clerk
Members of the Elliott County Fiscal Court

Basis for Opinion (Continued)

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 Elliott 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 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 and pervasive.

Responsibilities of Management 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 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 Elliott 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 Elliott 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 Myron S. Lewis, Elliott County Judge/Executive
 The Honorable Jennifer Carter, Elliott County Clerk
 Members of the Elliott County Fiscal Court

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2024, on our consideration of the Elliott 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Elliott County Clerk'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 findings:

- 2022-001 The Elliott County Clerk Is Not Fulfilling Her Duties As An Elected County Official
- 2022-002 The Elliott County Clerk's Office Does Not Have Adequate Segregation Of Duties And Internal Controls Over Fee Receipts And Disbursements
- 2022-003 The Elliott County Clerk's Fourth Quarter Report Was Not Submitted To The Department For Local Government And It Contained Material Errors
- 2022-004 The Elliott County Clerk Did Not Present An Annual Settlement To The Fiscal Court
- 2022-005 The Elliott County Clerk Made 4 Late Deposits Totaling \$17,238
- 2022-006 The Elliott County Clerk Did Not Pay Delinquent Taxes To Districts Timely And Owes \$26,861 To Taxing Districts
- 2022-007 The Elliott County Clerk Owes Ad Valorem Taxes To Taxing Districts In The Amount Of \$50,724
- 2022-008 The Elliott County Clerk Did Not Remit Affordable Housing Or Legal Process Payments To The State Timely
- 2022-009 The Elliott County Clerk Did Not Comply With The County's Fee Pooling Ordinance
- 2022-010 The Elliott County Clerk Does Not Have Adequate Controls Over Non-Sufficient Funds (NSF) Checks Or Storage Fees
- 2022-011 The Elliott County Clerk Did Not Follow Correct Record Retention Procedures
- 2022-012 The Elliott County Clerk Has Not Settled The 2020 Or 2021 Fee Accounts

Respectfully submitted,



Allison Ball
 Auditor of Public Accounts
 Frankfort, KY

March 28, 2024

ELLIOTT COUNTY
JENNIFER CARTER, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2022

Receipts

State Revenue Supplement	\$	69,806	
State Fees For Services			2,524
Fiscal Court			94,837
Licenses and Taxes:			
Motor Vehicle-			
Licenses and Transfers	\$	183,482	
Usage Tax		277,768	
Tangible Personal Property Tax		650,136	
Other-			
Marriage Licenses		1,920	
Spouse Abuse		480	
Lien Fees		3,472	
Deed Transfer Tax		12,444	
Delinquent Tax		<u>117,364</u>	1,247,066
Fees Collected for Services:			
Recordings-			
Deeds, Easements, and Contracts		11,528	
Real Estate Mortgages		16,187	
Chattel Mortgages and Financing Statements		15,440	
Powers of Attorney		784	
Affordable Housing Trust		5,364	
All Other Recordings		5,199	
Charges for Other Services-			
Copy Work		1,293	
Postage		640	
Miscellaneous		245	
Storage Fees		<u>9,710</u>	66,390
Other:			
Refunds/Overpayments			83
Interest Earned			<u>496</u>
Total Receipts			1,481,202

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

ELLIOTT COUNTY
 JENNIFER CARTER, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS
 For The Year Ended December 31, 2022
 (Continued)

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers \$ 129,865

Usage Tax 268,949

Tangible Personal Property Tax 243,243

Licenses, Taxes, and Fees-

Delinquent Tax 10,678

Legal Process Tax 2,225

Affordable Housing Trust 5,364 \$ 660,324

Payments to Fiscal Court:

Tangible Personal Property Tax 76,735

Delinquent Tax 10,020

Deed Transfer Tax 11,821 98,576

Payments to Other Districts:

Tangible Personal Property Tax 303,054

Delinquent Tax 61,051 364,105

Payments to Sheriff

9,208

Payments to County Attorney

15,129

Other Regulatory Payments:

Other Refunds 1,804

Operating Disbursements and Capital Outlay:

Other Charges-

Postage 525

Storage Fees 9,710 10,235

Total Disbursements

\$ 1,159,381

ELLIOTT COUNTY
 JENNIFER CARTER, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS
 For The Year Ended December 31, 2022
 (Continued)

Net Receipts	\$ 321,821
Less: Statutory Maximum	<u>91,237</u>
Excess Fees	230,584
Less: Expense Allowance	<u>3,600</u>
Excess Fees Due County for 2022	226,984
Payments to Fiscal Court - Monthly	<u>153,548</u>
Balance Due Fiscal Court at Completion of Audit*	<u><u>\$ 73,436</u></u>

* - The county clerk presented checks totaling \$69,744 to the fiscal court for excess fees on June 29, 2023.
 The county clerk has a remaining balance due to the fiscal court of \$3,692.

ELLIOTT COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2022

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 pay to the governing body of the county any fees, commissions, and other income of his or her office, including income from investments, which exceed the sum of his or her maximum salary as permitted by the Constitution and other reasonable expenses, including compensation of deputies and assistants by March 15 of each year. KRS 64.830 requires an outgoing clerk to make a final settlement with the fiscal court by March 15 immediately following the expiration of his or her term of office.

The financial statement has 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) as of December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2022 services
- Reimbursements for 2022 activities
- Payments due other governmental entities for December tax and fee collections and payroll
- Payments due vendors for goods or services provided in 2022

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).

ELLIOTT COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2022
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Fee Pooling

The Elliott County Clerk's office is required by the fiscal court to participate in a fee pooling system. Fee officials who are required to participate in fee pooling deposit all funds collected into their official operating account. The county clerk is responsible for paying all amounts collected for others and applicable refunds to customers. Residual funds are then paid to the county treasurer on a monthly basis. Invoices are submitted to the county treasurer to document operating expenses. The fiscal court pays all operating expenses for the fee official.

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.

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 CERS 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 26.95 percent for the first six months and 26.79 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:

ELLIOTT COUNTY
 NOTES TO FINANCIAL STATEMENT
 December 31, 2022
 (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)

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, 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 KRS 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.

ELLIOTT COUNTY
 NOTES TO FINANCIAL STATEMENT
 December 31, 2022
 (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, KRS 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.

Kentucky Retirement Systems 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 Elliott 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 Elliott 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, 2022, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

ELLIOTT COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2022
(Continued)

Note 4. Lease Agreements

- A. The county clerk's office committed to a hardware lease agreement for computer equipment on March 22, 2021 through and including March 21, 2026. The agreement renews automatically for additional one-year terms thereafter at the rate in effect on renewal date unless written notice is received from either party 90 days prior to renewal date. The fiscal court makes the annual payment of \$11,736.
- B. The county clerk's office committed to a software lease agreement for computer software license and service on March 22, 2021 through and including March 21, 2026. The agreement renews automatically for additional one-year terms thereafter at the rate in effect on such automatic renewal date unless written notice is received from either party 90 days prior to renewal date. The fiscal court makes the monthly payment of \$800.

Note 5. On Behalf Payments

The Elliott County Clerk's office is required by the fiscal court to participate in a fee pooling system. Since the county clerk is fee pooling, the fiscal court pays the county clerk's statutory maximum and expense allowance as reflected on the county clerk's financial statement. For the year ended December 31, 2022, the fiscal court's contributions recognized by the county clerk included the amounts that were based on the statutory maximum as required by KRS 64.5275. The Elliott County Clerk recognized receipts from the fiscal court and disbursements for the statutory maximum of \$91,237 and expense allowance of \$3,600 for the year ended December 31, 2022.

Note 6. Escrow Account

During 2016, the former county clerk received delinquent tax payments which were never processed. As a result, the Elliott County Clerk deposited \$2,250 into an interest-bearing bank account for the unidentified delinquent tax payments. On January 1, 2022, this account had a balance of \$2,022. During calendar year 2022, this account earned \$2 of interest, leaving a balance of \$2,024 as of December 31, 2022. These funds are eligible to be turned over to the Kentucky State Treasurer as unclaimed property.

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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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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

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

The Honorable Myron S. Lewis, Elliott County Judge/Executive
The Honorable Jennifer Carter, Elliott County Clerk
Members of the Elliott County Fiscal Court

We have audited, 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 Program for County Fee Officials* issued by the Auditor of Public Accounts, Commonwealth of Kentucky, the Statement of Receipts, Disbursements, and Excess Fees - Regulatory Basis of the Elliott County Clerk for the year ended December 31, 2022, and the related notes to the financial statement and have issued our report thereon dated March 28, 2024. The Elliott 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.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Elliott 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 statement, but not for the purpose of expressing an opinion on the effectiveness of the Elliott County Clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of the Elliott County Clerk's internal control.

Our consideration of internal control over financial reporting 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 certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 deficiencies described in the accompanying Schedule of Findings and Responses as items 2022-001, 2022-002, 2022-003, 2022-004, 2022-005, 2022-006, and 2022-007 to be material weaknesses.



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)

Report on Internal Control over Financial Reporting (Continued)

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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2022-008, 2022-009, 2022-010, 2022-011, and 2022-012 to be significant deficiencies.

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Elliott 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 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2022-001, 2022-003, 2022-004, 2022-005, 2022-006, 2022-007, 2022-008, 2022-010, 2022-011, and 2022-012.

Views of Responsible Official and Planned Corrective Action

Government Auditing Standards requires the auditor to perform limited procedures on the Elliott County Clerk's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Elliott County Clerk's response was not subjected to the other auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on the response.

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,



Allison Ball
Auditor of Public Accounts
Frankfort, KY

March 28, 2024

SCHEDULE OF FINDINGS AND RESPONSES

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ELLIOTT COUNTY
JENNIFER CARTER, COUNTY CLERK
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended December 31, 2022

FINANCIAL STATEMENT FINDINGS:

2022-001 The Elliott County Clerk Is Not Fulfilling Her Duties As An Elected County Official

This is a repeat finding and was included in the prior year audit report as finding 2021-001. The county clerk is not fulfilling her duties as an elected county official. The county clerk is not meeting these requirements and other statutory requirements. We have noted the following findings, which are detailed in the subsequent findings:

- The Elliott County Clerk's Office Does Not Have Adequate Segregation Of Duties And Internal Controls Over Fee Receipts And Disbursements
- The Elliott County Clerk's Fourth Quarter Report Was Not Submitted To The Department For Local Government And It Contained Material Errors
- The Elliott County Clerk Did Not Present An Annual Settlement To The Fiscal Court
- The Elliott County Clerk Made Four Late Deposits Totaling \$17,238
- The Elliott County Clerk Did Not Pay Delinquent Taxes To Districts Timely And Owes \$26,861 To Taxing Districts
- The Elliott County Clerk Owes Ad Valorem Taxes To Taxing Districts In The Amount Of \$50,724
- The Elliott County Clerk Did Not Remit Affordable Housing or Legal Process Payments To The State Timely
- The Elliott County Clerk Did Not Comply With The County's Fee Pooling Ordinance
- The Elliott County Clerk Does Not Have Adequate Controls Over Non-Sufficient Funds (NSF) Checks Or Storage Fees
- The Elliott County Clerk Did Not Follow Correct Record Retention Procedures
- The Elliott County Clerk Has Not Settled The 2020 Or 2021 Fee Accounts

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 has 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.

KRS 68.210 gives the state local finance officer authority to prescribe a uniform system of accounts, which sets certain minimum accounting requirements for local officials. It is the statutory duty of the county clerk to collect and distribute motor vehicle taxes, delinquent taxes, and various taxes/fees on legal instruments. There are numerous statutes that outline the duties and responsibilities of the county clerk. Please refer to each individual finding for specific information related to that topic.

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.

ELLIOTT COUNTY
 JENNIFER CARTER, COUNTY CLERK
 SCHEDULE OF FINDINGS AND RESPONSES
 For The Year Ended December 31, 2022
 (Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-002 The Elliott County Clerk's Office Does Not Have Adequate Segregation Of Duties And Internal Controls Over Fee Receipts And Disbursements

This is a repeat finding and was included in the prior year audit report as finding 2021-002. 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.

Inadequate segregation of duties allows for one person to have a significant role in processing and recording receipts and disbursements, which would increase the risk that undetected misappropriations of assets and inaccurate financial reporting will occur.

Internal controls and proper segregation of duties protects employees and the county clerk in the normal course of performing their daily responsibilities. Good internal controls dictate the same employee should not receive payments, prepare deposits and post to the receipts ledger; the same employee should not prepare monthly reports, sign checks and post to the disbursements ledger; and the same employee should not deposit funds, sign checks, post to ledgers and prepare bank reconciliations and monthly reports.

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. Proper segregation of duties may not be possible with a limited number of employees, and in that case, the county clerk or bookkeeper could take on the responsibility of reviewing the daily deposits, receipts and disbursements ledgers, monthly reports, and bank reconciliations prepared by another employee. These reviews must be documented in a way that indicates what was reviewed, by whom, and when because signing off on inaccurate information does not provide internal control. Further, the county clerk could require dual signatures on all checks, with one signature being the county clerk.

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

2022-003 The Elliott County Clerk's Fourth Quarter Report Was Not Submitted To The Department For Local Government And It Contained Material Errors

This is a repeat finding and was included in the prior year audit report as finding 2021-003. The county clerk did not submit quarterly reports to the Department for Local Government (DLG). The county clerk prepared a fourth quarter report at the beginning of the MVR audit, but it has not been submitted to DLG. No other quarterly reports were prepared or submitted to DLG for calendar year 2022. Also, though most were posting errors, numerous adjustments were necessary to correct material errors. Specifically, 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 were made in the amount of \$422,619 to the county clerk's receipts ledger and \$241,135 to the county clerk's disbursements ledger.

The county clerk neglected to ensure quarterly reports were prepared and submitted to DLG. Also, the county clerk did not have procedures in place to ensure that posting was accurate on the county clerk's receipts and disbursements ledgers as well as the fourth quarter financial report, such as reconciling weekly and monthly reports to the ledgers to ensure amounts are posted correctly.

ELLIOTT COUNTY
 JENNIFER CARTER, COUNTY CLERK
 SCHEDULE OF FINDINGS AND RESPONSES
 For The Year Ended December 31, 2022
 (Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-003 The Elliott County Clerk's Fourth Quarter Report Was Not Submitted To The Department For Local Government And It Contained Material Errors (Continued)

Failure to submit required reports prevents proper oversight from DLG and increases the risk that errors, misstatements, or fraud can occur and go undetected for a significant period of time. In addition, not reconciling amounts posted to ledgers to weekly and monthly reports creates an opportunity for amounts to be posted to incorrect categories on the ledgers. As a result, the audit took longer than normal to determine and make all necessary adjustments.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires officials to submit quarterly reports to the Department for Local Government by the 30th day following the close of each quarter. The uniform system of accounts has specific requirements on how to record various types of transactions for different funds and fund types. The most basic requirement of the uniform system of accounts is that all transactions are recorded and classified correctly.

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.

2022-004 The Elliott County Clerk Did Not Present An Annual Settlement To The Fiscal Court

This is a repeat finding and was included in the prior year audit report as finding 2021-004. The county clerk did not prepare or present an annual settlement of excess fees to the fiscal court.

The county clerk does not have controls in place to ensure that an annual settlement is prepared and presented 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.

KRS 64.152(1) states, in part, "the county clerk shall provide to the fiscal court by March 15 of each year a complete statement for the preceding calendar year of all funds received by his office in an official capacity or for official services, and of all expenditures of his office[.]"

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.

ELLIOT COUNTY
 JENNIFER CARTER, COUNTY CLERK
 SCHEDULE OF FINDINGS AND RESPONSES
 For The Year Ended December 31, 2022
 (Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-005 The Elliott County Clerk Made Four Late Deposits Totaling \$17,238

This is repeat finding and was included in the prior year audit report as finding 2021-005. 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 in which receipts went missing and were never deposited into the bank. 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 receipts. This deposit consisted of \$2,289 in cash, 14 checks totaling \$619 that were 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.
- 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.

The county clerk unsure why receipts were never deposited and does not know what happened to the missing cash and checks. The county clerk did not have procedures in place to ensure deposits were made timely. Failure to batch and deposit receipts daily increases the likelihood of misstatement or fraud occurring without detection. In addition, by not making deposits timely the risk that checks within the deposit are no longer valid or that receipts can go missing increases.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* requires receipts to be batched and deposited daily.

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 that receipts are secured and accounted for until they are deposited into the bank. 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.

2022-006 The Elliott County Clerk Did Not Pay Delinquent Taxes To Districts Timely And Owes \$26,861 To Taxing Districts

This is a repeat finding and was included in the prior year audit report as finding 2021-007. The county clerk did not pay delinquent tax payments to districts timely. 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:

ELLIOTT COUNTY
 JENNIFER CARTER, COUNTY CLERK
 SCHEDULE OF FINDINGS AND RESPONSES
 For The Year Ended December 31, 2022
 (Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-006 The Elliott County Clerk Did Not Pay Delinquent Taxes To Districts Timely And Owes \$26,861 To Taxing Districts (Continued)

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	

The county clerk does not have controls in place in order to make sure delinquent tax payments are made timely. By not remitting payments timely to taxing districts, cash flow problems can occur for these taxing districts as they rely on tax collections to fund a significant portion of their budgeted services. KRS 134.126(3) requires the county clerk to, “report by the tenth day of each month to the department, the county treasurer, the sheriff, and the proper officials of the taxing districts.”

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.

2022-007 The Elliott County Clerk Owes Ad Valorem Taxes To Taxing Districts In The Amount Of \$50,724

This is a repeat finding and was included in the prior year audit report as finding 2021-008. The county clerk did not properly pay ad valorem taxes due to taxing districts. The following chart depicts amounts due to taxing districts.

<u>District</u>	<u>Amount Due</u>	<u>Months Not Paid</u>
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

ELLIOTT COUNTY
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 SCHEDULE OF FINDINGS AND RESPONSES
 For The Year Ended December 31, 2022
 (Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-007 The Elliott County Clerk Owes Ad Valorem Taxes To Taxing Districts In The Amount Of \$50,724
 (Continued)

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.

KRS 134.815(1) states, “[t]he county clerk shall, by the tenth of each month, report under oath and pay to the state, county, city, urban-county government, school, and special taxing districts all ad valorem taxes on motor vehicles collected by him for the preceding month, less the collection fee of the county clerk, which shall be deducted before payment to the depository.”

KRS 134.815(2) states, “[a]ny county clerk who fails to pay over any taxes collected by him on motor vehicles as required by subsection (1) of this section shall be required to pay a penalty of one percent (1%) for each thirty (30) day period or fraction thereof, plus interest at the legal rate per annum of such taxes.”

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.

2022-008 The Elliott County Clerk Did Not Remit Affordable Housing Or Legal Process Payments To The State Timely

This is a repeat finding and was included in the prior year audit report as findings 2021-009 and 2021-010. The county clerk did not remit the following payments timely (by the 10th of the month following the end of the period):

- Quarterly Affordable Housing payments were late, each quarterly payment was between 177 to 452 days late.
- Monthly legal process taxes were late, each monthly payment was between 177 to 511 days late.

The county clerk does not have procedures in place to ensure that affordable housing or legal process taxes are paid timely. As a result, the clerk is not in compliance with multiple Kentucky revised statutes. In addition, the state is deprived of these funds for a significant amount of time.

KRS 64.012(2)(b) states that the affordable housing fee “shall be remitted by the county clerk within ten (10) days following the end of the quarter in which the fee was received.”

KRS 142.010(3) states, “[t]axes imposed under this section shall be reported and paid to the Department of Revenue by each county clerk within ten (10) days following the end of the calendar month in which instruments subject to tax are filed or marriage licenses issued. Each remittance shall be accompanied by a summary report on a form prescribed by the department.”

ELLIOTT COUNTY
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 SCHEDULE OF FINDINGS AND RESPONSES
 For The Year Ended December 31, 2022
 (Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-008 The Elliott County Clerk Did Not Remit Affordable Housing Or Legal Process Payments To The State Timely (Continued)

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.

2022-009 The Elliott County Clerk Did Not Comply With The County's Fee Pooling Ordinance

This is a repeat finding and was included in the prior year audit report as finding 2021-011. As depicted in the following chart, the county clerk did not remit her monthly excess fees timely to the 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 the fiscal court for payment. The county clerk noted the payments were late because the office was doing its due diligence to ensure it was remitting the correct amount of excess fees. The county clerk does not have adequate controls to ensure that excess fees are paid timely in accordance with the county fee pooling ordinance. The county clerk stated that the reason postage payments were made from her fee account is that they only have a couple of days to issue election ballots and get them mailed, so there was no time to get fiscal court approval.

By not submitting the monthly excess fees to the fiscal court by the tenth of each month as required by Elliott County Fiscal Court Ordinance FY-13-001, the county clerk is not in compliance with the ordinance. In addition, the fiscal court is deprived of these funds for a significant amount of time potentially impacting their budget. Also, the county clerk did not comply with the fee-pooling ordinance by remitting payments from her fee account.

ELLIOTT COUNTY
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 For The Year Ended December 31, 2022
 (Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-009 The Elliott County Clerk Did Not Comply With The County's Fee Pooling Ordinance (Continued)

On February 4, 2013, Elliott County Fiscal Court passed Ordinance FY-13-001, which requires the sheriff's office and county clerk's office to participate in fee pooling. Under fee pooling, the sheriff's office and county clerk's office pay net income (excess fees) monthly to the fiscal court, and the fiscal court pays all salaries and expenses of those offices. Net income is due no later than the tenth of the month for the preceding month. The expenses of the sheriff's and county clerk's offices shall be paid by the county treasurer in accordance with the purchase order system adopted by the Elliott County Fiscal Court.

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 and implement controls to ensure that excess fees are paid timely. Also, we recommend the county clerk submit any invoices to be paid on behalf of her office to the county treasurer for payment. Per the fee-pooling resolution in place, the only items allowed to be paid from the fee account are refunds to taxpayers, payments to taxing districts, and monthly fees to the fiscal court.

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

2022-010 The Elliott County Clerk Does Not Have Adequate Controls Over Non-Sufficient Funds (NSF) Checks Or Storage Fees

This is a repeat finding and was included in the prior year audit report as finding 2021-012. The Elliott County Clerk did not have adequate controls in place for 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. These six checks were not turned over to the county attorney, nor were the services cancelled in AVIS. 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. Further, the county clerk collected \$9,710 in storage fees but did not account for these on her quarterly report or turn them over to the fiscal court monthly within ten days following the end of the month. The county clerk did not have procedures in place to ensure NSF checks are handled properly. The county clerk did not know the requirements or best practices for storage fees. According to the clerk, because her office is fee-pooling she did not think it was necessary to write a separate check for storage fees to the fiscal court. As a result, the county clerk remitted payments to districts as if these checks had been collected in essence shorting excess fees to the county. Further, customers received a service without paying for it. Also, the fiscal court was unable to create a storage fees fund as is required of them by KRS 64.012.

Good internal controls dictate that when a check is returned as non-sufficient funds, the county clerk should give the notice to the county attorney if the check remains uncollected. If the checks are turned over to the county attorney, the service needs to be cancelled in AVIS, delinquent tax, etc.

KRS 64.012(3)(a) states that "[f]or services related to the permanent storage of records...the clerk shall be entitled to receive a reimbursement of ten dollars (\$10)." Further, KRS 64.012(3)(b)(1)(c) states that this fee shall "[b]e accumulated and transferred to the fiscal court or the legislative body of an urban-county government on a monthly basis within ten (10) days following the end of the month[.]"

ELLIOTT COUNTY
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 SCHEDULE OF FINDINGS AND RESPONSES
 For The Year Ended December 31, 2022
 (Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-010 The Elliott County Clerk Does Not Have Adequate Controls Over Non-Sufficient Funds (NSF) Checks Or Storage Fees (Continued)

We recommend the county clerk ensure that NSF checks are collected, and if not, either turn the check over to the county attorney or cancel the AVIS service, delinquent tax, etc. We further recommend that the county clerk ensure she is maintaining all relevant documentation for NSF checks. We also recommend the county clerk properly account for her storage fees on her quarterly report and turn those fees over to the fiscal court by the tenth of each month.

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

2022-011 The Elliott County Clerk Did Not Follow Correct Record Retention Procedures

The 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. The county clerk believed the check-out sheets were allowed to be disposed. Bad recordkeeping increases the risk that uncorrected errors, theft, loss, or misappropriation of assets will go undetected.

KRS 171.420(4) requires the State Libraries, Archives, and Records Commission to be the final authority for the disposition of all public records in Kentucky. KRS 171.450(2) requires the department to promulgate administrative regulations to enforce the provision of KRS 171.410 through 171.740. This administrative regulation establishes records retention and disposition schedules that state and local agencies shall follow for retention and disposition of public records. According to the Records Retention Schedule for County Clerks, the county clerk is required to retain the daily check-out sheets for three years.

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.

2022-012 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. See the table below:

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 SCHEDULE OF FINDINGS AND RESPONSES
 For The Year Ended December 31, 2022
 (Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-012 The Elliott County Clerk Has Not Settled The 2020 Or 2021 Fee Accounts (Continued)

SETTLE 2020 ACCOUNT			
Bank Balance		\$	18,141
ADD:	Receivables		
	2021 Fee Account		7,809
LESS:	Liabilities		
	State - Delinquent	\$ 11,287	
	State - Legal Process	1,390	
	Remaining Excess Fees	13,273	\$ 25,950
	Balance		\$ -

SETTLE 2021 ACCOUNT			
Bank Balance		\$	105,961
ADD:	Receivables		
	County (overpaid deed transfer)	\$ 4,341	
	State (overpaid adval)	1,020	\$ 5,361
LESS:	Liabilities		
	County - Adval	\$ 38	
	Health - Adval	1,667	
	Extension - Adval	834	
	Ambulance - Adval	1,884	
	School - Adval	11,779	
	State - Delinquent	8,306	
	County - Delinquent	3,567	
	School - Delinquent	6,088	
	Health - Delinquent	5,352	
	Extension - Delinquent	5,144	
	Ambulance - Delinquent	6,135	
	Soil - Delinquent	4,035	
	County Attorney - Delinquent	13,055	
	Sheriff - Delinquent	8,191	
	Fire Acres - Delinquent	60	
	2020 Fee Account per PY	7,809	
	Remaining Excess Fees	27,379	\$ 111,322
	Balance		\$ (0)

ELLIOTT COUNTY
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SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended December 31, 2022
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-012 The Elliott County Clerk Has Not Settled The 2020 Or 2021 Fee Accounts (Continued)

The county clerk does not have controls in place to ensure that accounts have been settled in a timely manner. The failure to pay liabilities timely causes taxing districts and other governmental agencies to be deprived of funds for significant time periods.

KRS 64.152 states in part, “(1) In counties containing a population of less than seventy-five thousand (75,000), the county clerk shall provide to the fiscal court by March 15 of each year a complete statement for the preceding calendar year of all funds received by his office in an official capacity or for official services, and of all expenditures of his office, including his salary, compensation of deputies and assistants, and reasonable expenses. (2) At the time of filing the statement required by subsection (1) of this section, the clerk shall pay to the fiscal court any income of his office, including income from investments, which exceeds the sum of his maximum salary as permitted by the Constitution and other reasonable expenses, including compensation of deputies and assistants. The settlement for excess fees shall be subject to correction by audit conducted pursuant to KRS 43.070 or 64.810, and the provisions of this section shall not be construed to amend KRS 64.820.”

We recommend the county clerk settle the 2020 and 2021 Fee Accounts and to strengthen internal controls to ensure fee accounts are settled correctly and timely.

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