Auditor of Public Accounts Allison Ball

Elliott County Clerk's
Fee Account Audit

FRANKFORT, Ky. – State Auditor Allison Ball released the audit of the 2024 financial statement of Lincoln 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 Lincoln 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.

Finding: 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 2023-001. The county clerk is not fulfilling her duties as an elected county official or meeting requirements of her position established under law. 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 contained material errors and was not submitted to the Department for Local Government..
- The Elliott County Clerk did not present an annual settlement to the fiscal court.
- The Elliott County Clerk did not pay delinquent taxes to districts timely and owes $15,428 to taxing districts.
- 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 has not settled the 2021 or 2022 fee accounts.

Recommendations

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 Officials Response

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

Finding: 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 2023-002. 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.

Recommendations

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 Officials Response

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

Finding: The Elliott County Clerk's Fourth Quarter Report Contained Material Errors And Was Not Submitted To The Department For Local Government

This is a repeat finding and was included in the prior year audit report as finding 2023-003. 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 audit, but it has not been submitted to DLG. No other quarterly reports were prepared or submitted to DLG for calendar year 2024. The fourth quarter provided to auditors had misstated receipts of $33,547 and misstated disbursements of $204,323.

Recommendations

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 Officials Response

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

Finding: 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 2023-004. The county clerk did not prepare or present an annual settlement of excess fees to the fiscal court.

Recommendations

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 Officials Response

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

Finding: The Elliott County Clerk Did Not Pay Delinquent Taxes To Districts Timely And Owes $15,428 To Taxing Districts

This is similar to a repeat finding and was included in the prior year audit report as finding 2023-005. The county clerk did not pay delinquent tax payments to districts timely. For 2024, delinquent tax payments are unpaid for one payment in August, and all payments for December in the amount of

$15,428 as follows:

Taxing District	Amount Due	Months Unpaid
County Attorney	$ 2,203	December
Sheriff	2,194	August underpaid and December
State	1,288	December
County	1,358	December
School	4,902	December
Health	896	December
Extension	900	December
Ambulance	988	December
Soil Conservation	662	December
Fire Acres	37	December
Total Unpaid Delinquent Taxes	$ 15,428	

Recommendations

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 Officials Response

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

Finding: 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 finding 2023-006. 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 between 69 to 252 late.
- Monthly legal process taxes were between 8 to 312 days late.

Recommendations

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

County Officials Response

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

Finding: 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 2023-007. 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	2/29/24	19
February	3/1/24	0
March	4/12/24	2
April	6/18/24	39
May	7/15/24	35
June	7/15/24	5
July	8/6/24	0
August	9/12/24	2
September	1/29/25	111
October	1/29/25	80
November	1/30/25	50
December	2/6/25	27

Recommendations

We recommend the county clerk comply with the county's fee pooling ordinance by paying excess fees each month based on calculations from the county clerk's financial records no later than the tenth of the subsequent 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 fiscal court.

County Officials Response

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

Finding: 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 2023-008. The Elliott County Clerk did not have adequate controls in place for non-sufficient funds (NSF) checks or storage fees. The bank returned seven checks from customers as NSF. Of those seven NSF checks, the county clerk did not receive repayment and failed to properly handle follow-up protocols on two of the checks totaling $227. These two checks were not turned over to the county attorney, nor were the services cancelled in the Kentucky Automated Vehicle Information System (KAVIS).

Recommendations

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 service in KAVIS service, delinquent tax, other systems. We further recommend that the county clerk ensures 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 Officials Response

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

Finding: The Elliott County Clerk Has Not Settled The 2021 Or 2022 Fee Accounts

This is a repeat finding and was included in the prior year audit report as finding 2023-009. The county clerk has not settled her 2021 or 2022 fee accounts. 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.

Recommendations

We recommend the county clerk settle the 2021 and 2022 fee accounts and strengthen internal controls to ensure fee accounts are settled correctly and timely.

County Officials Response

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

Finding: The Elliott County Clerk Did Not Have A Written Agreement To Protect Deposits

As of December 31, 2024, the county clerk had bank deposits of $350,627, and FDIC insurance of $250,000. There was no written agreement between the county clerk and the depository institution, signed by both parties, securing the county clerk's interest in the collateral institution pledged not covered by FDIC insurance.

Recommendations

We recommend the county clerk enter into a written agreement with the depository institution to secure the county clerk's interest in the collateral pledged or provided by the depository institution.

County Officials Response

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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