



Auditor of Public Accounts Allison Ball

FOR IMMEDIATE RELEASE

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Ball Releases Audit of Hardin County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Allison Ball today released the audit of the 2023 financial statements of Hardin County Clerk Brian D. Smith. 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 statements present fairly the receipts and disbursements of the Hardin County Clerk and the receipts, disbursements, and fund balances of the Hardin County Clerk's operating fund and county fund in accordance with accounting principles generally accepted in the United States of America. The clerk's financial statements did not follow this format. However, the clerk's financial statements are 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 finding:

The Hardin County Clerk's Fourth Quarter Report was not accurate for calendar year 2023: The clerk's fourth quarter report was not accurate due to delinquent tax sale deposits and refunds totaling \$1,293,392 not being reported. Due to lack of management oversight, the delinquent tax sale deposits and refunds were not reported on the fourth quarter report.

We recommend the quarterly report reflect the total collections and disbursements for delinquent tax sales and agree to the receipts and disbursements within the delinquent tax sale bank account.

County Clerk's Response: Hardin County Clerk Brian D. Smith and staff are committed to transparency and accuracy in all of our financial responsibilities. We go to great lengths to appropriately and accurately handle taxpayers' funds. We believe that the finding in our exit interview of "The Hardin County Clerk's 2023 Financial Audit," gives the public an inaccurate picture of how we handled funds from our delinquent tax sale deposit process. In the 2022 exit conference, for the prior administration, the auditor recommended that our office establish a deposit process for 3rd party purchasers participating in the delinquent tax sale going forward. Upon hearing this recommendation, our office pivoted quickly to establish a system for taking deposits, applying deposits to the tax sale, and refunding any unused funds back to their original 3rd party purchaser. Our delinquent tax sale deposits are recorded, deposited, and reconciled within their own separate bank account. We kept extensive records of all funds throughout the entire delinquent tax sale process, that the auditors were able to confirm that we matched down to the penny. We are troubled that this finding may lead the public to believe that we did not maintain careful records of these funds. Since we have responsibly and accurately accounted for all of these funds, but simply did not place them in our DLG 4th quarter report – which we didn't do because we believed it would artificially inflate our numbers – we ask that this finding be removed from our final auditor's report for 2023. We have made the reporting change, as directed by our auditors, from the exit interview and it will be reflected in our next budget.

Auditor's Reply: These are statutorily required receipts and refunds and should be accounted for by the county clerk and included in the financial statements.

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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