



**Auditor of
Public Accounts
Allison Ball**

Hardin County Clerk's Fee Account Audit

FRANKFORT, Ky. – State Auditor Allison Ball released the audit of the 2024 financial statement of Hardin County Clerk Brian 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 statement presents fairly the receipts, disbursements, and excess fees of the Hardin 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: Did not properly report delinquent tax deposits and refunds.

This is the repeat of a similar finding that was included in the prior year audit report as finding 2023-001. The Hardin County Clerk received and disbursed delinquent tax sale deposits totaling \$2,019,911. These funds were maintained in a separate bank account, and a summary of the bank account activity was disclosed on the front page of the clerk's fourth quarter financial report in a "not fee account" column. The receipt and disbursement of delinquent tax certificate purchases from the clerk's delinquent tax sale totaling \$249,986 were included on the financial activity of the fee account, however the related delinquent tax deposits totaling \$1,769,925 that were refunded were not incorporated into the fee account financial activity, which resulted in the fee account receipts and disbursements both being understated by \$1,769,925. As in the prior year, the county clerk accepted and signed off on the corrections to the reported receipts and disbursements of his fee account.

Recommendations

We recommend the Hardin County Clerks' Fee Account fourth quarter report reflect all receipts and disbursements, including line-item categories for delinquent tax sale deposits and refunds.

County Officials Response

County Clerk's Response: The "Report of the Audit of the Hardin County Clerk" for the year ended December 31, 2023 states, "The Hardin County Clerk's fourth quarter report was not accurate due to delinquent tax sale deposits and refunds not being reported." After that audit, we amended our fourth quarter report to include delinquent tax sale deposits and refunds. Because of our commitment to complying with the auditor's request in the most transparent way possible, we listed this account on the FRONT page of our quarterly report.

We were shocked that this was not sufficient. This account is accurate and reported in a manner that complies with the comment from the prior year's audit. It is true that we did not list this on the desired (but unstated) page(s) of our fourth quarterly report. If the prior comment would have been more precise, our response would have hit the target. When we pressed the auditor assigned to our office on this finding, his response was that this finding was "nitpicky" – his words, not ours. We agree with the auditor, that's nitpicky. We have once again amended our quarterly report to comply with (what we hope) are the wishes of the auditor's office by listing this account on the "correct" pages.

Auditor's Reply: The Hardin County Clerk's fourth quarter financial statement, which is the official record of the clerk's fee account activity, was materially inaccurate since it failed to account for Delinquent Tax Deposits collected as well as Delinquent Tax Refunds remitted. Those account classifications and related amounts are not recorded within the fourth quarter financial statement. The county clerk agreed in the current and prior years to the material adjustments needed to correct this reporting error since he reported that bank account activity that is described on the front of the fourth quarter financial statement as "Not the fee account".

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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