



**Auditor of
Public Accounts
Allison Ball**

Pike County Clerk's Fee Account Audit

FRANKFORT, Ky. – State Auditor Allison Ball released the audit of the 2024 financial statement of Pike County Clerk Darrell Pugh. 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 Pike 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 Pike County Clerk Has A Deficit Of \$15,583 In His Official 2024 Fee Account

The Pike County Clerk has a deficit of \$15,583 in the official 2024 fee account. The deficit is due to a lack of internal controls over accounts receivables process (see finding 2024-002). At the end of the calendar year, the county clerk had unpaid obligations of \$17,322 that he owed to the state for his 75% operating account but only had a bank balance of \$1,739. The shortfall was caused by a car dealership owing the count clerk \$15,583 for processed motor vehicle transactions that remained unpaid as of December 31, 2024. At the end of the year, the county clerk found that he did not have enough funds in his account and therefore shorted the amount of fees due to the state from his 75% account. The county clerk failed to recognize that the revenue was not sufficient to pay tax districts each month when the payments were due resulting in the deficit.

Recommendations

We recommend the county clerk consult with the fiscal court and the county attorney to determine how to eliminate this deficit, up to and including using personal funds to pay the office's obligations that are currently outstanding.

County Officials Response

County Clerk's Response: The deficit was a result of the 2024-year end. This therefore created a timing issue that delayed the completion of the transaction.

Auditor's Reply: KRS 64.345 (3) requires the payment of all fees due to the clerk's 75% operating account to be paid monthly. Failure to realize that fees and taxes were not properly collected by year end was due to a lack of oversight and weak internal controls that led to the deficit.

Finding: The Pike County Clerk's Office Lacked Oversight Over Receivables That Led To A Deficit Of \$15,583

During the year, the county clerk started receiving a significant amount of business from a car dealership and assigned an employee to oversee the processing. When the dealership sent the paperwork to title and license these vehicles, the employee would work up the transactions, issue a debt slip in the system and then send the dealership the paperwork without the collection of funds. At the end of the month, the bookkeeper would prepare her monthly reports and issue payments to the taxing districts without realizing that this dealership was not current with the funds owed to the county clerk. Throughout the year, this dealership accumulated over \$30,000 of unpaid debit slips and, at the end of calendar year 2024, the dealership still owed the Pike County Clerk \$15,583. The county clerk did not have proper internal controls and oversight over this dealer's accounts receivable. This lack of internal controls and oversight has led to a deficit of \$15,583 in the calendar year 2024 fee account.

Recommendations

We recommend the county clerk implement procedures to oversee and reconcile the processing of debt slips and collection of payment at the end of every month before payments are made to taxing districts.

County Officials Response

County Clerk's Response: The deficit was a result of the 2024-year end. This therefore created a timing issue that delayed the completion of the transaction.

Auditor's Reply: The statutes above detail the timeline for depositing all taxes and fees due to the state, taxing districts, and the clerk's fee account. Failure to collect the funds from the car dealership caused the county clerk to have insufficient funds in his bank account to pay all the fees and taxes owed, therefore he shorted the amount due to his 75% operating account to cover the shortage.

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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