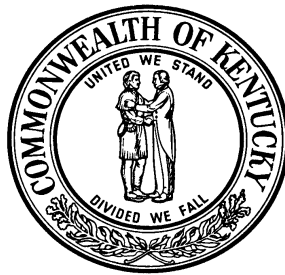


**REPORT OF THE AUDIT OF THE  
RUSSELL COUNTY  
CLERK**

**For The Year Ended  
December 31, 2024**



**ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS  
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**ALLISON BALL**  
**AUDITOR OF PUBLIC ACCOUNTS**

**Independent Auditor's Report**

The Honorable Randy Marcum, Russell County Judge/Executive  
The Honorable Patti Glover, Russell County Clerk  
Members of the Russell 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 Russell County, Kentucky, for the year ended December 31, 2024, 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 Russell County Clerk for the year ended December 31, 2024, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws 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 Russell County Clerk, as of December 31, 2024, 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 (GAS)*, 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 Russell 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 Randy Marcum, Russell County Judge/Executive  
The Honorable Patti Glover, Russell County Clerk  
Members of the Russell 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 Russell 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.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Russell County Clerk's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **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 and GAS 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 and GAS, 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 Russell County Clerk's internal control. Accordingly, no such opinion is expressed.

The Honorable Randy Marcum, Russell County Judge/Executive  
 The Honorable Patti Glover, Russell County Clerk  
 Members of the Russell County Fiscal Court

### **Auditor's Responsibilities for the Audit of the Financial Statement (Continued)**

- 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 Russell 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2026, on our consideration of the Russell 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 Russell 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:

- |          |   |
|----------|---|
| 2024-001 | The Russell County Clerk's Office Lacks Adequate Segregation Of Duties Over Accounting Functions  |
| 2024-002 | The Russell County Clerk Did Not Maintain Accurate And Complete Financial Records And Reports   |
| 2024-003 | The Russell County Clerk Failed To Properly Remit Motor Vehicle Taxes As Required   |
| 2024-004 | The Russell County Clerk's ACH Account Was Not Reconciled To Zero Monthly   |
| 2024-005 | The Russell County Clerk Did Not Maintain Grant Funds In A Separate Bank Account  |
| 2024-006 | The Russell County Clerk Did Not Submit The Budget Or Second Quarterly Financial Report Timely Or Remit Excess Fees To The Fiscal Court Accurately And Timely |
| 2024-007 | The Russell County Clerk Did Not Deposit Funds Intact Daily   |

Respectfully submitted,



Allison Ball  
 Auditor of Public Accounts  
 Frankfort, KY

March 17, 2026

RUSSELL COUNTY  
PATTI GLOVER, COUNTY CLERK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2024

Receipts

State Revenue Supplement	\$	71,059
State Fees For Services		7,181
Fiscal Court		4,651
Licenses and Taxes:		
Motor Vehicle-		
Licenses and Transfers	\$	797,616
Usage Tax		1,413,000
Tangible Personal Property Tax		2,481,799
Notary Fees		11,942
Other-		
Marriage Licenses		6,221
Occupational Licenses		1,910
Deed Transfer Tax		102,195
Delinquent Tax		140,949
Delinquent Tax Deposits		10,963
		4,966,595
Fees Collected for Services:		
Recordings-		
Deeds, Easements, and Contracts		52,551
Real Estate Mortgages		50,224
Chattel Mortgages and Financing Statements		50,362
Powers of Attorney		4,003
Affordable Housing Trust		22,128
All Other Recordings		31,923
Document Storage Fee		50,169
Charges for Other Services-		
Copywork		2,424
Postage		2,555
Clerk Ad Val Liens		15,612
		281,951
Other:		
Over/Under		2,567
Return Check Fee		275
Miscellaneous		2,292
		5,134
Interest Earned		366
Borrowed Money		12,000
Total Receipts		5,348,937

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

RUSSELL COUNTY  
PATTI GLOVER, COUNTY CLERK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS  
For The Year Ended December 31, 2024  
(Continued)

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$	589,960	
Usage Tax		1,365,530	
Tangible Personal Property Tax		861,018	
Licenses, Taxes, and Fees-			
Fish and Game Licenses		1,528	
Delinquent Tax		11,651	
Legal Process Tax		19,275	
Affordable Housing Trust		22,128	\$ 2,871,090

Payments to Fiscal Court:

Tangible Personal Property Tax		150,452	
Delinquent Tax		7,438	
Deed Transfer Tax		99,109	256,999

Payments to Other Districts:

Tangible Personal Property Tax		1,371,045	
Delinquent Tax		80,895	1,451,940

Payments to Sheriff 12,099

Payments to County Attorney 16,876

Other Regulatory Payments:

Other Refunds 22,366

Operating Disbursements and Capital Outlay:

Personnel Services-

Deputies' Salaries 278,169

Employee Benefits-

Employer's Paid Health Insurance 54,216

Contracted Services-

Fish and Game 23,579

Advertising 68,430

Computer/Software Maintenance 9,874

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

RUSSELL COUNTY  
PATTI GLOVER, COUNTY CLERK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS  
For The Year Ended December 31, 2024  
(Continued)

Disbursements (Continued)

Operating Disbursements and Capital Outlay: (Continued)

Materials and Supplies-		
Office Supplies	\$	4,912
Elections		1,186
Other Charges-		
Bank Charges		120
Conventions and Travel		9,564
Miscellaneous		10,963
Postage		5,379
Document Storage		50,169
Capital Outlay-		
Office Equipment		3,565
	\$	520,126
Debt Service:		
Principal on Notes		12,000
Total Disbursements		<u>\$ 5,163,496</u>
Net Receipts		185,441
Less: Statutory Maximum		<u>102,955</u>
Excess Fees		82,486
Less: Expense Allowance		3,600
Training Incentive Benefit		3,865
		<u>7,465</u>
Balance Due Fiscal Court at Completion of Audit*		<u><u>\$ 75,021</u></u>

\* - The county clerk presented a check to the fiscal court for excess fees on July 18, 2025 in the amount of \$121,868. As a result of this payment, excess fees were overpaid by \$46,847. The overpayment should be applied to satisfy \$14,129 due to the county clerk storage fee fund, \$8,151 due to the 2025 fee account, and \$24,567 due to the usage tax account.

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

RUSSELL COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2024

Note 1. Summary of Significant Accounting Policies

A. Basis of Accounting

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. Authority for the regulatory basis is found in Kentucky Revised Statutes (KRS).

The Department for Local Government (DLG) is the regulatory agency responsible for establishing minimum accounting requirements for local government entities. The commissioner of the DLG is designated as the state local finance officer. (KRS 68.001). The DLG must prescribe and maintain “a uniform system of accounting and reporting on the receipt, use and handling of all public funds, other than taxes, due and payable to the state” from local government entities. (KRS 46.010(1)). The state local finance officer supervises the administration of the county uniform budget system and accounts and financial operations and must prescribe a “uniform system of accounts for all counties and county officials.” (KRS 68.210.) Under this authority, the DLG requires local governments to follow guidelines set forth in its *County Budget Preparation and State Local Finance Officer Policy Manual* (Manual) to meet the minimum required reporting for financial statement purposes.

The regulatory basis is outlined in the Manual and defines the measurement, presentation, disclosure, and recognition requirements for financial transactions when preparing regulatory basis financial statements. The Manual includes the standardized format for quarterly reporting to DLG.

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 2024 services
- Reimbursements for 2024 activities
- Payments due to other governmental entities for December tax and fee collections and payroll
- Payments due to vendors for goods or services provided in 2024

B. Measurement Focus and Excess Fees

The measurement focus of a fee official’s financial statement is upon current financial resources. A county clerk must remit to the fiscal court any income of his or her office, including the income from investments, that exceeds the sum of his or her maximum salary as permitted by the Constitution and other reasonable expenses, including compensation of deputies and assistants, when making his or her annual settlement. (KRS 64.152(2)). This settlement is due to the fiscal court by March 15 of each year. (KRS 64.152(1)). An outgoing clerk shall make a final settlement with the fiscal court by March 15 immediately following the expiration of his or her term of office. (KRS 64.830). The fiscal court shall collect any amount due from the county clerk as determined by the audit. (KRS 64.820.)

C. 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.

RUSSELL COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2024  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. 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).

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 has been governed by the CERS nine-member board of trustees since April 1, 2021. The Kentucky Public Pensions Authority (KPPA) was created by KRS 61.505, effective April 1, 2021, to provide staffing and daily administrative needs for CERS and Kentucky Retirement Systems. CERS 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, vesting requirements, and provisions are established by statute and are determined by participation date and hazardous or non-hazardous participation.

The county's contribution rate for nonhazardous employees for calendar year 2024 was 23.34% for the first six months and 19.71% for the last six months.

Other Post-Employment Benefits (OPEB)

CERS provides post-retirement health care, cost of living adjustments for all recipients of retirement benefits, and a retired member's death benefit, all determined by participation date and hazardous or non-hazardous participation.

Specific details about retiree pension and OPEB benefits can be found online at: <https://www.kyret.ky.gov/Publications>.

Kentucky Public Pension Authority's Annual Financial Report and Proportionate Share Audit Report

KPPA issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. Many of these annual reports are available online at <https://kyret.ky.gov>. Reports may also be obtained by writing the KPPA, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

KPPA 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.

RUSSELL COUNTY  
 NOTES TO FINANCIAL STATEMENT  
 December 31, 2024  
 (Continued)

Note 3. Deposits

The Russell County Clerk maintained deposits of public funds with federally insured banking institutions as required by the Manual. The 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 Russell County Clerk does not have a deposit policy for custodial credit risk, but rather follows the requirements of the Manual. As of December 31, 2024, all deposits were covered by a properly executed collateral security agreement.

Note 4. Grants

- A. The Russell County Clerk's Office received a local records emergency disaster recovery assistance grant from the Kentucky Department for Libraries and Archives in the amount of \$31,856. No funds were expended during the year. The unexpended grant balance was \$31,856, as of December 31, 2024.
- B. The Russell County Clerk's Office received an e-recording grant from the Kentucky Department for Local Government in the amount of \$49,910. No funds were expended during the year. The unexpended grant balance was \$49,910, as of December 31, 2024.

Note 5. Short-term Debt

The Russell County Clerk's Office was committed to the following short-term debt as of December 31, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance
Loan- Payroll	\$	\$ 12,000	\$ 12,000	\$
Total Short-term Debt	<u>\$ 0</u>	<u>\$ 12,000</u>	<u>\$ 12,000</u>	<u>\$ 0</u>

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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 Randy Marcum, Russell County Judge/Executive  
The Honorable Patti Glover, Russell County Clerk  
Members of the Russell 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 Russell County Clerk for the year ended December 31, 2024, and the related notes to the financial statement and have issued our report thereon dated March 17, 2026. The Russell 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 Russell 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 Russell County Clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of the Russell 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 another deficiency that we consider to be a significant deficiency.

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 2024-001, 2024-002, 2024-003, and 2024-004 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 deficiency described in the accompanying Schedule of Findings and Responses as items 2024-005, 2024-006, and 2024-007 to be significant deficiencies.

**Report on Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Russell 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 2024-002 and 2024-003.

**Views of Responsible Official and Planned Corrective Action**

*Government Auditing Standards* require the auditor to perform limited procedures on the Russell County Clerk's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Russell 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 17, 2026

## SCHEDULE OF FINDINGS AND RESPONSES

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RUSSELL COUNTY  
PATTI GLOVER, COUNTY CLERK  
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended December 31, 2024

2024-001 The Russell County Clerk's Office Lacks Adequate Segregation Of Duties Over Accounting Functions

---

The county clerk's office lacks adequate segregation of duties over receipts, disbursements, and reconciliations. The county clerk and deputies collect receipts, reconcile cash drawers, and prepare daily checkout sheets and deposits. The bookkeeper, who has access to cash, issues receipts, posts transactions to the receipt and disbursements ledgers, prepares monthly and quarterly reports, and reconciles the bank account. The bookkeeper also receives invoices, prepares, and signs checks. The county clerk has implemented some compensating controls; however, those controls were not effective and as a result, the following issues were allowed to occur:

- Bank reconciliations were not performed in a timely manner. They were completed approximately one to six months after the respective month-end.
- Financial records were not complete and accurate. (See finding 2024-002)
- Motor vehicle taxes were not properly remitted as required. (See finding 2024-003)
- Budget and quarterly reports were not submitted timely and excess fees were not remitted timely. (See finding 2024-006)
- Daily deposits were not made timely. (See finding 2024-007)

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. Additionally, during the bookkeeper's absence there was no backup in place to maintain continuity of financial operations.

This deficiency increases the risk of misappropriation of assets, errors, and inaccurate financial reporting.

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." The adequate segregation of duties is a basic internal control necessary to ensure the accuracy and reliability of financial reports. Adequate segregation of duties would prevent the same person from having a significant role in the collection and reporting of receipts and the approving and processing of disbursements.

We recommend the county clerk segregate the duties of collecting receipts, preparing bank deposits, recording transactions, reconciling accounts, and preparing disbursements. If segregation of duties is not feasible due to lack of staff, we recommend the county clerk implement compensating controls, such as increased oversight and documented review of these functions.

*County Clerk's Response: I will be segregating duties to other employees within this office.*

RUSSELL COUNTY  
PATTI GLOVER, COUNTY CLERK  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended December 31, 2024  
(Continued)

2024-002 The Russell County Clerk Did Not Maintain Accurate And Complete Financial Records And Reports

---

The county clerk did not maintain accurate and complete financial records and reports. Our audit identified errors in recording receipts and disbursements, untimely and inaccurate bank reconciliations, and failure to submit a timely budget, quarterly reports, and excess fees. The fourth quarter financial report contained the following errors:

- Receipts were overstated by \$3,274 and disbursements were understated by \$107,289 when compared to the receipts and disbursements ledgers.
- Daily receipts for June 7, 2024, totaling \$30,747, were not reported on the receipts ledger or financial statement.
- The receivable of \$220 deposited on January 3, 2025, was not recorded on the receipts ledger or financial statement.
- A usage tax refund check for \$1,489 was reported as a receipt.
- A check was issued from the fee account for \$59,217 and then deposited back into the fee account to reclassify delinquent tax sale deposits as delinquent tax receipts, resulting in receipts and disbursements being overstated by this amount.
- House Bill 1 grant funds of \$49,910 were paid to the fiscal court and reported as document storage fees receipts and disbursements. These funds should have been deposited into a separate bank account. (See finding 2024-005).
- Recording fees of \$4,478 were not reported. This amount was erroneously deposited into the prior year fee account and transferred to the current fee account.
- Receipts of \$153,471 and disbursements of \$17,851 were reported on the fourth quarter financial report; however, they were posted to incorrect accounts.
- Customer charge errors of \$1,808 were not properly recorded.
- Interest of \$17 was not reported.
- Deposits of \$3,780 were reported as disbursements.
- Document storage fees of \$14,129 were not recorded and remitted to the fiscal court.
- Motor vehicle disbursements were overstated by \$13,247.
- Receipts and disbursements did not reconcile to the bank by \$670 and \$471, respectively.

The county clerk accepted corrections to the aforementioned errors.

These deficiencies were allowed to occur due to lack of oversight and ineffective internal controls over financial reporting. The errors can also be attributed to insufficient cross-training and the absence of effective compensating controls to ensure critical accounting duties were performed and reviewed when the bookkeeper was unavailable.

As a result, the financial statements were misstated, errors were not detected timely, excess fees were improperly reported and remitted, and required financial reports were submitted late. These conditions increase the risk of financial mismanagement, noncompliance with statutory requirements, and reduced transparency and accountability.

RUSSELL COUNTY  
 PATTI GLOVER, COUNTY CLERK  
 SCHEDULE OF FINDINGS AND RESPONSES  
 For The Year Ended December 31, 2024  
 (Continued)

2024-002 The Russell County Clerk Did Not Maintain Accurate And Complete Financial Records And Reports (Continued)

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KRS 46.010(2) requires, “each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements.” KRS 46.010(3) requires, “all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires.” Management oversight and supervisory review are basic internal controls necessary to ensure financial statements and related reports are accurate, complete, and supported by underlying accounting records. Effective internal controls require transactions to be recorded properly, bank reconciliations to be prepared accurately and timely, and excess fees to be accurately calculated and remitted in accordance with statutory requirements. Additionally, internal controls require budget and quarterly reports be prepared and submitted timely.

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 state local finance officer requires that the fiscal court approve a calendar year budget for each fee office as a component of the county’s budget preparation process by January 15 of each year.

We recommend management implement stronger internal controls, such as a thorough, independent review of the receipts and disbursements ledgers and monthly bank reconciliations, to ensure all financial records are accurate and in agreement.

*County Clerk’s Response: The bookkeeper was out due to [medical reasons] that took place in Jan. 2024.*

2024-003 The Russell County Clerk Failed To Properly Remit Motor Vehicle Taxes As Required

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The Russell County Clerk failed to remit motor vehicle taxes as required. The Russell County Clerk did not call in or transmit usage tax collections, tangible personal property tax, or license collections to the state timely.

- 1) Usage tax collections for 247 days totaling \$1,369,121 were due to the state for calendar year 2024. Of these usage tax collections, collections for 187 days totaling \$1,060,717 (77% of the total collections for the year) were transferred to the local usage tax account late and nine days of collections were not paid to the local usage tax account resulting in \$28,158 due to the state. This amount was paid in July 2025.
- 2) License and transfers collections for 40 weeks totaling \$512,019 (87% of total collections for the year) were paid to the state late and three weeks were underpaid resulting in \$99 due to the state.
- 3) Tangible personal property tax collections for 6 months totaling \$463,018 (54% of total collections for the year) were paid late to the state and one month was not paid resulting in \$110,544 due to the state as shown below.
- 4) Tangible personal property tax collections due to the other districts for the months of January and February totaling \$237,966 were paid late.

RUSSELL COUNTY  
PATTI GLOVER, COUNTY CLERK  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended December 31, 2024  
(Continued)

2024-003 The Russell County Clerk Failed To Properly Remit Motor Vehicle Taxes As Required (Continued)

The failure to remit taxes properly was a result of poor management oversight by county clerk and lack of controls to ensure amounts were paid accurately and timely. In addition, the county clerk's bookkeeper was out of the office for an extended period of time and due to budgetary limitation, a backup bookkeeper was not in place to remit reports and payments in the bookkeeper's absence.

Failure to make complete and timely payments as required results in the county clerk being non-compliant with applicable laws and statutes. This failure also results in taxing districts being underfunded, and could also lead to the county clerk owing penalties and interest.

The following statutes are applicable to motor vehicle tax payments:

KRS 186.230(5) states the county clerk shall, "[r]eport and remit each Monday to the Transportation Cabinet all moneys collected during the previous week, together with a duplicate of all receipts issued by him during the same period. He shall make all checks payable to the State Treasurer. Unless the clerk forwards duplicates of all receipts issued by him during the reporting period with his report and remits the amount shown due by the report within seven (7) days after the report and remittance are due, he shall pay a penalty of one percent (1%) per month or fraction thereof on the amount of money shown to be due on the report."

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. The county clerk shall be required to deposit state collections in a manner consistent with procedures established by the department for the prompt payment to the state of other state tax moneys collected by the county clerk."

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."

KRS 131.155(2)(c) states, "[f]or collections on or after August 1, 2010, the clerk shall deposit motor vehicle usage tax and sales and use tax collections in the clerk's local depository account not later than the next business day following receipt. The clerk shall cause the funds to be electronically transferred from the clerk's local depository account to the State Treasury in the manner and at the times prescribed by the department[.]"

We recommend the county clerk comply with these statutes by ensuring all required motor vehicle tax payments are made in a complete and timely manner. We also recommend the county clerk remit the \$99 due for license fees and transfers, and \$110,544 for tangible property tax collections to the state.

*County Clerk's Response: I take full responsibility of not over seeing that these MV taxes were not paid as required.*

RUSSELL COUNTY  
PATTI GLOVER, COUNTY CLERK  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended December 31, 2024  
(Continued)

2024-004 The Russell County Clerk's ACH Account Was Not Reconciled To Zero Monthly

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The county clerk's office did not document the reconciliation of the ACH account to a zero balance each month. As of December 31, 2024, the ACH account had an unreconciled balance of \$589. The county clerk's office transfers money monthly from her fee account into the ACH account to make payments to the state for usage tax, license fees and tangible taxes. The county clerk's office performs a monthly review of her ACH account; however, she did not perform a full reconciliation to ensure the revolving account reconciles to zero monthly and all amounts have been paid to the state.

Failure to properly reconcile the ACH account was due to poor management oversight by the county clerk. In addition, the county clerk's bookkeeper was out of the office for an extended period of time and due to budgetary limitation, a backup bookkeeper was not in place to maintain the records in the bookkeeper's absence.

The lack of full reconciliation of the bank account to zero could result in a misstatement of financial reports and under or over funding the account for required payments. Without proper reconciliation of the ACH account, there is a risk that restricted monies could be used for purposes other than their intended use and that errors could not be discovered. In addition, failure to properly reconcile the ACH account resulted in amounts not being properly paid to the state as noted below.

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires."

Further, KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. Pursuant to KRS 68.210, the state local finance officer has prescribed minimum accounting and reporting standards in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual*, which requires the county treasurer to prepare monthly bank reconciliations. Due to the nature of revolving accounts, the only funds transfer from the fee account and deposited in the ACH account are funds necessary to pay the state based on motor vehicle reports. Therefore, the reconciled balance each month of the ACH account should be \$0.

We recommend the county clerk's office reconcile the ACH account monthly to zero to ensure electronic transfers and payments for usage tax, license fees, and tangible taxes are being made properly to the state. This review could also be documented by someone independent who is reviewing the reconciliation. In addition, the county clerk's office should transfer amounts due from fee account and make appropriate payments to the state for amounts due.

*County Clerk's Response: ACH will be reconciled to zero monthly also as required.*

RUSSELL COUNTY  
 PATTI GLOVER, COUNTY CLERK  
 SCHEDULE OF FINDINGS AND RESPONSES  
 For The Year Ended December 31, 2024  
 (Continued)

2024-005 The Russell County Clerk Did Not Maintain Grant Funds In A Separate Bank Account

The Russell County Clerk's Office received a Recorded Instrument Grant under House Bill 1 from the Department for Local Government (DLG) in the amount of \$49,910. These funds are required to be deposited and maintained in a separate bank account. However, the county clerk deposited the grant funds into the fee account and then subsequently issued a check to the fiscal court for deposit into the county clerk document storage fee fund. In addition, the bookkeeper recorded the unexpended grant funds as both a receipt and disbursement on the financial statement, resulting in accurate financial reporting of grant activity.

The county clerk and bookkeeper were not aware of DLG's requirement to maintain grant funds separately from the fee account. Comingling grant proceeds with funds of the fee account increases the risk of misstatement and misappropriation of assets. Additionally, there is an increased risk of noncompliance with the grant agreements.

Grant funds are not subject to being turned over to fiscal court as excess fees. Therefore, DLG instructed the county clerks to deposit grant proceeds into a separate bank account and to list grant accounts as "Other Accounts" on the fourth quarter financial statement.

Furthermore, KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." Maintaining grant proceeds in a separate bank account is a basic internal control necessary to ensure the accuracy and reliability of financial reports.

We recommend the county clerk request the return of the \$49,910 in unexpended grant funds from the fiscal court and establish a separate bank account to account for and track these funds separately. We further recommend the county clerk list the grant account on the fourth quarter financial statement as an "Other Account."

*County Clerk's Response: Grant funds from now on will be in separate account.*

2024-006 The Russell County Clerk Did Not Submit The Budget Or Second Quarterly Financial Report Timely Or Remit Excess Fees To The Fiscal Court Accurately And Timely

The Russell County Clerk did not submit her calendar year 2024 budget or second quarter financial report to the Department for Local Government (DLG) in a timely manner. Although the budget was approved by the fiscal court on December 11, 2023, it was not received by DLG until March 11, 2024 and the second quarter financial report was not submitted. Additionally, excess fees for calendar year 2024 were not remitted to the fiscal court timely or accurately.

The county clerk presented the fourth quarter financial report as the annual settlement to fiscal court for approval on February 10, 2025; however, excess fees were not remitted at the time of settlement. Additionally, the cumulative totals reported on Part One – Summary and Reconciliation did not agree to Part Two – Receipts and Part Three – Disbursements of the quarterly report. Further, the book balance and excess fee calculation reported on Part One did not agree to the bank reconciliation.

RUSSELL COUNTY  
 PATTI GLOVER, COUNTY CLERK  
 SCHEDULE OF FINDINGS AND RESPONSES  
 For The Year Ended December 31, 2024  
 (Continued)

2024-006 The Russell County Clerk Did Not Submit The Budget Or Second Quarterly Financial Report Timely Or Remit Excess Fees To The Fiscal Court Accurately And Timely (Continued)

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The book balance/excess fees reported on Part One was \$2,829,294. On July 18, 2025, the county clerk remitted a check to the fiscal court for excess fees in the amount of \$121,868, which represented the balance shown in the fee account. However, the correct excess fees for calendar year 2024 totaled \$75,021, resulting in an overpayment of \$46,847. The overpayment resulted from outstanding liabilities not accounted for at the time the excess fees were calculated. These liabilities include \$14,129 due to the fiscal court for document storage fees, \$8,151 due to the 2025 fee account, and \$24,567 due to the usage tax account.

Per the county clerk, the bookkeeper waited to turn over excess fees due to questions regarding motor vehicle registration amounts due to the state as a result of the motor vehicle usage tax audit. Also, due to lack of oversight and supervisory review of financial reports, the calculation of excess fees was not accurate.

As a result, the county clerk's office is not in compliance with state laws and regulations regarding settlement of excess fees and the fiscal court was overpaid funds that were needed to meet required obligations of the county clerk's office.

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 DLG by the 30th day following the close of each quarter. The state local finance officer requires that the fiscal court approve a calendar year budget for each fee office as a component of the county's budget preparation process by January 15 of each year

KRS 64.152(1) requires the county clerk to provide to the fiscal court by March 15th of each year a complete statement for the preceding calendar year of all funds received and all expenditures of the office. KRS 64.152(2) states, "[a]t 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."

Furthermore, KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." Proper review and oversight over financial reports is a basic internal control necessary to ensure the accuracy and reliability of financial reports used to calculate excess fees.

We recommend the county clerk remit excess fees to the fiscal court by March 15<sup>th</sup> each year, its budget to DLG by January 15<sup>th</sup> of each year, and quarterly to DLG by the 30<sup>th</sup> day following the close each quarter. We also recommend the county clerk implement effective internal controls over the preparation and review of quarterly and annual financial reports and the calculation and remittance of excess fees. Further, we recommend the county clerk request the return of the excess fee overpayment in the amount of \$46,848 in order to properly settle the 2024 fee account and remit all outstanding amounts due.

*County Clerk's Response: I Patti Glover take full responsibility not over seeing that these reports were not remitted in a timely manner.*

RUSSELL COUNTY  
PATTI GLOVER, COUNTY CLERK  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended December 31, 2024  
(Continued)

2024-007 The Russell County Clerk Did Not Deposit Funds Intact Daily

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The Russell County Clerk did not deposit all funds collected intact on a daily basis. Daily collections were tested for the week of September 23 – 27, 2024. These receipts were not deposited until October 2, 2024. In addition, a review of bank statements revealed several instances of multiple deposits on the same day.

This condition occurred due to extended absences of the bookkeeper during calendar year 2024 and the lack of a designated individual to perform backup bookkeeping duties. As a result of not depositing funds intact daily, the county clerk is not in compliance with guidelines set forth by the state local finance officer and there is an increased risk of loss and misappropriation.

The Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual* recommends the minimum requirements for handling public funds pursuant to KRS 68.210. The manual requires daily deposits intact into a federally insured banking institution.

KRS 46.010(2) requires, "each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements." KRS 46.010(3) requires, "all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires." Batching receipts collected and depositing them daily to the financial institution is a basic internal control necessary to ensure the accuracy and reliability of financial reports and reduces the risk of misappropriation of cash, which is the asset most subject to possible theft.

We recommend the Russell County Clerk comply with the Department for Local Government requirements and ensure deposits are being made on a daily basis.

*County Clerk's Response: [The bookkeeper] had [medical procedures] and was the only one that made deposits. There will be other employees cross trained so this doesn't happen again.*