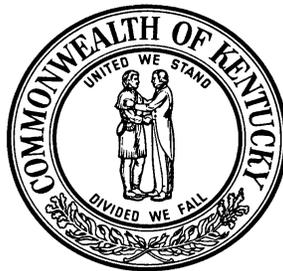


**REPORT OF THE AUDIT OF THE  
TRIGG COUNTY  
CLERK**

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



**ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS  
[auditor.ky.gov](http://auditor.ky.gov)**

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FRANKFORT, KY 40601-1817  
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**ALLISON BALL**  
**AUDITOR OF PUBLIC ACCOUNTS**

Independent Auditor's Report

The Honorable Stan Humphries, Trigg County Judge/Executive  
The Honorable Carmen Finley, Trigg County Clerk  
Members of the Trigg 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 Trigg 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 Trigg 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 Trigg 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 Trigg 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 Stan Humphries, Trigg County Judge/Executive  
The Honorable Carmen Finley, Trigg County Clerk  
Members of the Trigg 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 Trigg 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 Trigg 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 Trigg County Clerk's internal control. Accordingly, no such opinion is expressed.
- 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 Trigg County Clerk's ability to continue as a going concern for a reasonable period of time.

The Honorable Stan Humphries, Trigg County Judge/Executive  
The Honorable Carmen Finley, Trigg County Clerk  
Members of the Trigg County Fiscal Court

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

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 October 20, 2025, on our consideration of the Trigg 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 Trigg 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 Trigg County Clerk’s Office Lacks Adequate Controls Over Financial Reporting
- 2024-002 The Trigg County Clerk’s Office Lacks Adequate Segregation Of Duties

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, KY

October 20, 2025

TRIGG COUNTY  
CARMEN FINLEY, COUNTY CLERK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2024

Receipts

State Grants - E Recording Grant	\$ 8,712
State Revenue Supplement	71,059
State Fees For Services	6,088
Fiscal Court	6,908

Licenses and Taxes:

Motor Vehicle-

Licenses and Transfers	\$ 677,738
Usage Tax	2,292,015
Tangible Personal Property Tax	2,201,573
Handicap Placards	1,350
Notary Fees	2,026

Other-

Fish and Game Licenses	15,812
Marriage Licenses	5,700
Occupational Licenses	1,302
Deed Transfer Tax	101,617
Delinquent Tax	218,757
Delinquent Tax Deposits	<u>45,076</u>
	5,562,966

Fees Collected for Services:

Recordings-

Fixture Filing	2,746
Lien Release	11,070
Deeds, Easements, and Contracts	42,764
Real Estate Mortgages	49,863
Chattel Mortgages and Financing Statements	36,936
Powers of Attorney	3,902
Affordable Housing Trust	14,952
Document Storage Fees	26,640
All Other Recordings	24,857

Charges for Other Services-

Candidate Filing Fees	600
Copy Work	<u>8,700</u>
	223,030

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

TRIGG COUNTY  
 CARMEN FINLEY, COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2024  
 (Continued)

Receipts (Continued)

Other:

Overpayments	\$ 26,987	
Miscellaneous	<u>13,079</u>	\$ 40,066
Interest Earned		<u>161</u>
Total Receipts		5,918,990

Disbursements

Payments to State:

Motor Vehicle-		
Licenses and Transfers	\$ 520,296	
Usage Tax	2,223,254	
Tangible Personal Property Tax	818,282	
Handicap Placards	1,080	
Licenses, Taxes, and Fees-		
Fish and Game Licenses	15,378	
Delinquent Tax	15,515	
Legal Process Tax	8,441	
Affordable Housing Trust	<u>14,952</u>	3,617,198
Payments to Fiscal Court:		
Tangible Personal Property Tax	150,946	
Delinquent Tax	12,819	
Deed Transfer Tax	96,033	
Occupational Licenses	1,037	
Document Storage Fees	<u>26,640</u>	287,475
Payments to Other Districts:		
Tangible Personal Property Tax	1,144,259	
Delinquent Tax	<u>126,089</u>	1,270,348
Payments to Sheriff		16,498
Payments to County Attorney		26,971

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

TRIGG COUNTY  
 CARMEN FINLEY, COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2024  
 (Continued)

Disbursements (Continued)

Other Regulatory Payments:

Delinquent Tax Deposit Refunds	\$ 61,354	
Other Refunds	<u>29,154</u>	\$ 90,508

Operating Disbursements:

Personnel Services-		
Deputies' Salaries	246,450	
Employee Benefits-		
Unemployment Insurance	140	
Contracted Services-		
Printing and Binding	1,533	
Advertising	383	
Services	6,647	
E Recording Grant	8,712	
Materials and Supplies-		
Office Supplies	10,211	
Other Charges-		
Conventions and Travel	5,037	
Dues	1,650	
Insufficient Fund Checks	816	
Miscellaneous	16,080	
Postage	5,705	
Telephone	<u>2,333</u>	<u>305,697</u>

Total Disbursements \$ 5,614,695

Net Receipts 304,295

Less: Statutory Maximum 108,103

Excess Fees 196,192

Less: Expense Allowance 3,600

    Training Incentive Benefit 5,153 8,753

Excess Fees Due County for 2024 187,439

Payment to Fiscal Court - February 18, 2025 187,439

Balance Due Fiscal Court at Completion of Audit \$ 0

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

TRIGG 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.

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

Note 1. Summary of Significant Accounting Policies (Continued)

C. Fund Accounting (Continued)

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.

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.

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

Note 2. Employee Retirement System and Other Post-Employment Benefits (Continued)

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

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.

Note 3. Deposits

The Trigg 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 Trigg 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. State Grants

- A. The Trigg County Clerk's Office received a local records microfilming grant from the Kentucky Department for Libraries and Archives in prior years. The unexpended grant balance was \$28,123 as of December 31, 2024.
- B. The Trigg County Clerk's Office received an e-recording grant from the Kentucky Department for Local Government in the amount of \$39,008. The grant account earned interest of \$616, and funds totaling \$8,712 were expended during the year. The unexpended grant balance was \$30,912 as of December 31, 2024.

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

Note 5. Commitments: - Lease Agreements and Subscription-Based Information Technology Arrangements (SBITA)

The Trigg County Clerk's Office was committed to the following lease agreement and SBITA as of December 31, 2024:

	Effective Date	Length of Term	Frequency of Payments	Ending Date	Amount of Payments	Balance December 31, 2024
<b>Lease:</b>						
Postage Machine	10/10/2023	5 years	Monthly	9/10/2028	\$ 58	\$ 2,668
<b>SBITA:</b>						
Software	8/1/2020	5 years	Monthly	7/31/2025	\$ 500	\$ 3,500

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 Stan Humphries, Trigg County Judge/Executive  
The Honorable Carmen Finley, Trigg County Clerk  
Members of the Trigg 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 Trigg County Clerk for the year ended December 31, 2024, and the related notes to the financial statement and have issued our report thereon dated October 20, 2025. The Trigg 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 Trigg 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 Trigg County Clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trigg County Clerk's internal control.

Our consideration of internal control 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.

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 and 2024-002 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 Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Trigg 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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

October 20, 2025

## SCHEDULE OF FINDINGS AND RESPONSES

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TRIGG COUNTY  
CARMEN FINLEY, COUNTY CLERK  
SCHEDULE OF FINDINGS AND RESPONSES

For The Year Ended December 31, 2024

2024-001 The Trigg County Clerk's Office Lacks Adequate Controls Over Financial Reporting

The Trigg County Clerk's Office lacks adequate controls over financial reporting. During testing of the motor vehicle audit (MVR) and the fee audit, we found recording and reporting errors of \$132,707 for receipts and \$262,189 for disbursements on the fourth quarter financial statement. One large misclassification noted during the MVR testing led the county clerk to resubmit the fourth quarter financial to the Department for Local Government (DLG).

According to the county clerk, one large misclassification was caused by a formula error on her quarterly report and the others were due to posting errors. Due to material weaknesses over the recordkeeping and reporting functions, the aforementioned errors occurred without being detected and corrected, thereby causing the fourth quarter financial statement to be materially misstated. Because the misclassifications and audit adjustments are material, there is also an increased risk that the county clerk will not turn over the correct amount of excess fees to the fiscal court.

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." Comparison of the quarterly report to the ledgers is a basic internal control necessary to ensure the accuracy and reliability of financial reports. Implementing effective review procedures to ensure that receipts and disbursements are properly posted to the ledgers is a basic internal control necessary to ensure the accuracy and reliability of financial reports. Additionally, financial reports should be footed and cross-footed to ensure mathematical accuracy.

We recommend the Trigg County Clerk strengthen internal controls over financial reporting by ensuring receipts and disbursements are posted to the ledgers properly and that the fourth quarter financial report is mathematically accurate.

*County Clerk's Response: In my fourth quarter report, there was a formula error, causing the Tangible Property Tax to be placed in an incorrect account, "Overpayment/Refund". In addition, the usage tax was not sent to the state, but I had taken out of our account ledger. When we located the mistakes, I corrected our report and sent a revised 4<sup>th</sup> Quarter Report to the state. The auditor's office did not acknowledge my corrected report in this audit. Both the Revised 4<sup>th</sup> Quarter Report and Final reports were correct.*

Auditor's Reply: The errors noted above were discovered as part of audits performed by the auditor's office. The errors were not detected by the county clerk's internal control system. A second report was submitted to DLG after the clerk was notified of the errors noted above.

2024-002 The Trigg County Clerk's Office Lacks Adequate Segregation Of Duties

The Trigg County Clerk's Office lacks adequate segregation of duties. The deputy clerks prepare daily, weekly, and monthly reports, and prepare the deposits. The county clerk will post to the receipts and disbursements ledgers and prepare the financial reports. The county clerk has implemented compensating controls to help offset this deficiency, however the controls in place were ineffective and misstatements were noted on the fourth quarter financial statement.

TRIGG COUNTY  
CARMEN FINLEY, COUNTY CLERK  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended December 31, 2024  
(Continued)

2024-002 The Trigg County Clerk's Office Lacks Adequate Segregation Of Duties (Continued)

According to the county clerk, the lack of segregation of duties exists due to a limited office size and she chose to perform some of the bookkeeping functions herself. A lack of segregation of duties or strong oversight increases the risk that errors or fraud could occur and not be detected.

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." Segregation of duties is a basic internal control necessary to ensure the accuracy and reliability of financial reports.

A proper segregation of duties over accounting and reporting functions such as preparing deposits, preparing daily checkout sheets, and preparation of reports, or implementing compensating controls, when necessary, because of a limited number of staff, is essential for providing protection from asset misappropriation and inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

We recommend the county clerk segregate the duties of accounting functions. If segregation of duties is not feasible due to lack of staff, we recommend the county clerk continue to implement and document effective compensating controls in the form of strong oversight from an employee not involved in the performance of these functions to offset this control deficiency.

*County Clerk's Response: This is always something that the Auditor's office will write us up for. We are a small office, but we have compensating controls with many checks and balances. I can be assured that this will be in my audit each year.*

*2024 was a challenging year in our Motor Vehicle Department. We lost three valuable employees and trained three new employees with a brand-new computer system that was imperfect. In addition, we had a highly contentious Presidential race Election. I think all in all, our deputies did a wonderful job! I appreciate our team very much.*

Auditor's Reply: The lack of segregation of duties found in the Trigg County Clerk's office is a material internal control deficiency. While the Trigg County Clerk implemented some compensating controls to offset this internal control weakness, those controls failed to detect misstatements and errors in the county clerk's accounting records and financial statement.