



Auditor of Public Accounts
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Harmon Releases Audit of Former Rowan County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the 2018 financial statement of former Rowan County Clerk Kim Davis. 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 former Rowan County Clerk in accordance with accounting principles generally accepted in the United States of America. The former clerk's financial statement did not follow this format. However, the former 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.

As part of the audit process, the auditor must comment on noncompliance with laws, regulations, contracts, and grants. The auditor must also comment on material weaknesses involving the internal control over financial operations and reporting.

The audit contains the following comment:

The former county clerk did not turn over funds in accordance with KRS 64.830: Upon vacating office, the former county clerk did not turn the escrow account or the libraries and archives bank account over to the new county clerk. The libraries and archives grant account and escrow account are funds of the county clerk's office and were not remitted to the incoming county clerk as required by KRS 64.830.

The libraries and archives account balance of \$3,762 is comprised of a final amount due to the microfilming company of \$3,730, as well as a small amount of interest of \$32 earned over the course of the grant. The portion of interest can be paid to the fee account or the fiscal court. As for the remaining amount due to the microfilming company, the former county clerk wrote a check

to the microfilming company and left it in a sealed envelope in the grant folder. However, the check cannot be sent to the microfilming company until the clerk's office receives an invoice. At this time, there is no set date when the final invoice will be sent out to finish the microfilming grant. The invoice will be sent to the Rowan County Clerk's Office and the new clerk will not have access to the funds.

The former county clerk has an escrow bank account which contains amounts held in escrow until the three-year period ends and at that time they are eligible to be remitted to the Kentucky State Treasurer. As of the audit date, the escrow bank account has an account balance of \$4,410, and it is all eligible to be remitted to the Kentucky State Treasurer.

According to the former county clerk, she intended to retain custody of the two bank accounts until a check cleared in the libraries and archives account and she remitted amounts due to the Kentucky State Treasurer from the escrow account. Once the accounts were settled, she planned on closing the accounts.

The former county clerk did not have procedures in place to ensure she was remitting amounts to the Kentucky State Treasurer timely. As a result, the former clerk is not in compliance with KRS 64.830, KRS 393.090, and KRS 393.110. KRS 64.830 states:

- (1) An outgoing official, as soon as his successor has been qualified and inducted into office and his official bond approved, shall immediately vacate his office, deliver to his successor all books, papers, records and other property held by virtue of his office, and make a complete settlement of his accounts as county official[.]
- (2) Each outgoing county official shall make a final settlement with the fiscal court of his county by March 15 immediately following the expiration of his term of office for all money received by him as county official and ... immediately thereafter he shall deliver these records to the incumbent county official
- (3) The outgoing county official and his bondsmen or sureties shall be relieved ... of his accounts of all responsibility for collecting and accounting for the amounts covered by the receipt and the incoming county official shall be charged with full responsibility for collecting and accounting for these amounts as otherwise provided by law for the collection and accounting of taxes.

KRS 393.090 states that after three years, if the funds have not been claimed, they are presumed abandoned. Abandoned funds are required to be sent to the Kentucky State Treasurer pursuant to KRS 393.110.

We recommend the former county clerk turn these accounts over to the new clerk pursuant to KRS 64.830.

Former County Clerk's Response: The 2 open and active accounts remaining were not turned over due to activity expected in them. I had planned on waiting until after audit to make sure that everything checked out, and then I was going to turn them over to present clerk. I was unaware that there was a time frame to turn over all monies, since those two accounts were not funded thru the office as "general funds," and all other accts had closed.

It is my intention to turn over these accounts to the present clerk upon exit conference. All materials and information needed to turn over the escrow acct. is housed in the current clerk's information, as that was left for him. I was neither instructed and told what an exiting clerk must do (Clerk's association or the office of the Public Auditor).

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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