



Auditor of Public Accounts
Mike Harmon

FOR IMMEDIATE RELEASE

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Harmon Releases Audit of Former Whitley County Clerk's Fee Account

FRANKFORT, Ky. – State Auditor Mike Harmon today released the audit of the January 1 – November 30, 2019 financial statement of former Whitley County Clerk Kay Schwartz. 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 Whitley 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 Whitley County Clerk's fourth quarter financial statement was materially overstated: The former Whitley County Clerk's fourth quarter financial statement included January 1, 2019 through December 31, 2019. The former clerk retired on November 30, 2019 which would require the former clerk's financial statement to be from January 1, 2019 through November 30, 2019. This resulted in the receipts being overstated by \$595,356 and disbursements overstated by \$564,306. Adjustments were required so that the fourth quarter financial statement would match the former county clerk's ledgers.

This was due to the former county clerk including the incoming county clerk's December 1, 2019 through December 31, 2019 activity on her fourth quarter financial statement. The former county

clerk's accounting software separated the two period correctly and ledgers for the former and incoming county clerk agreed to the combined fourth quarter financial statement. As a result of including the incoming county clerk's December 1, 2019 through December 31, 2019 activity with the former county clerk's fourth quarter financial statement, it was materially overstated.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual* requires the official to certify that the quarterly report is accurate to the best of their knowledge when they sign the quarterly report. Fee officials use 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. Each period stands alone in accounting for receipts and disbursements and should be accounted for accordingly in each audit period.

We recommend the Whitley County Clerk's Office maintain accurate financial reports, and separate receipts and disbursements by audit period in the future.

Former County Clerk's Response: I am very proud of another great audit for the Whitley Co. Clerk's Office.

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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