

**REPORT OF THE AUDIT OF THE
JACKSON COUNTY
FISCAL COURT**

**For The Year Ended
June 30, 2017**



**MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS
www.auditor.ky.gov**

**209 ST. CLAIR STREET
FRANKFORT, KY 40601-1817
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912**

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
The Honorable Matthew G. Bevin, Governor
William M. Landrum III, Secretary
Finance and Administration Cabinet
The Honorable Shane Gabbard, Jackson County Judge/Executive
Members of the Jackson County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Jackson County Fiscal Court, for the year ended June 30, 2017, and the related notes to the financial statement which collectively comprise the Jackson County Fiscal Court's financial statement as listed in the table of contents.

Management's Responsibility 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 Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit 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 Guide for Fiscal Court Audits* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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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 Jackson County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government 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.

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 paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Jackson County Fiscal Court as of June 30, 2017, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of the Jackson County Fiscal Court as of June 30, 2017, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

Emphasis of Matter

Commitment Debt

As described in Note 7 to the financial statement, the Jackson County Fiscal Court owes the Kentucky Retirement Systems for nine months of retirement contributions dating back to fiscal year 2016. Our opinion is not modified with respect to this matter.

Negative Fund Balance

As described in Note 11 to the financial statement, the Jackson County Fiscal Court had a negative balance in the road fund of \$14,969 and a negative balance of \$119,109 in the jail fund. Our opinion is not modified with respect to this matter.

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Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Jackson County Fiscal Court. The Budgetary Comparison Schedules and Capital Asset Schedule are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

The accompanying Budgetary Comparison Schedules and Capital Asset Schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules and Capital Asset Schedule are fairly stated in all material respects in relation to the financial statement as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2018, on our consideration of the Jackson County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Jackson County Fiscal Court's internal control over financial reporting and compliance.

Based on the results of our audit, we present the accompanying Schedule of Findings and Responses included herein, which discusses the following report findings:

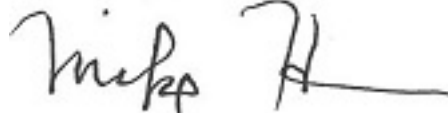
- 2017-001 The Jackson County Fiscal Court's Annual Financial Statement Contained Inaccuracies
- 2017-002 The Jackson County Fiscal Court Had Deficit Balances In The Road And Jail Funds
- 2017-003 The Jackson County Fiscal Court Commingled Chemical Stockpile Emergency Preparedness Program Funds With The County's General Fund
- 2017-004 The Jackson County Fiscal Court Did Not Have Adequate Controls Over Cash Transfers Between Funds
- 2017-005 The Jackson County Fiscal Court Did Not Have Adequate Procedures For Reporting County Liabilities
- 2017-006 The Jackson County Fiscal Court Had Inadequate Procedures Over Handling Of Disbursements
- 2017-007 The Fiscal Court Lacks Adequate Segregation Of Duties Over Receipts, Record Keeping, Report Preparation, And Reconciliations
- 2017-008 The Jackson County Fiscal Court Lacks Internal Controls Over Transfer Station Receipts And Deposits
- 2017-009 The Jackson County Fiscal Court Lacks Internal Controls Over Occupational Taxes

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Other Reporting Required by *Government Auditing Standards* (Continued)

- 2017-010 The Jackson County Fiscal Court Has Unpaid Obligations To The Kentucky Retirement Systems
- 2017-011 The Jackson County Fiscal Court Did Not Have Adequate Controls Over Payroll Processing
- 2017-012 The Jackson County Fiscal Court Did Not Maintain Accurate Capital Asset Records Or Properly Insure Assets
- 2017-013 The Jackson County Jailer Lacks Adequate Internal Controls Over The Jail Commissary Processes
- 2017-014 The Jackson County Jailer's Jail Commissary Fund Summary And Reconciliation Was Not Accurate
- 2017-015 The Jackson County Fiscal Court Did Not Have A Balanced Budget

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal line extending to the right.

Mike Harmon
Auditor of Public Accounts

August 8, 2018

JACKSON COUNTY OFFICIALS**For The Year Ended June 30, 2017****Fiscal Court Members:**

Shane Gabbard	County Judge/Executive
Danny Todd	Magistrate
Dale Vaughn	Magistrate
Garvin Baker	Magistrate

Other Elected Officials:

Ross Murray	County Attorney
Bill Dunn	Jailer
Donald Moore	County Clerk
Doris Ward	Circuit Court Clerk
Paul Hays	Sheriff
Paul Rose	Property Valuation Administrator
Melvin Lakes	Coroner

Appointed Personnel:

Shay Hacker	County Treasurer
Amanda Holt	Chief Financial Officer

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**JACKSON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS**

For The Year Ended June 30, 2017

JACKSON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS

For The Year Ended June 30, 2017

	<u>Budgeted Funds</u>		
	<u>General Fund</u>	<u>Road Fund</u>	<u>Jail Fund</u>
RECEIPTS			
Taxes	\$ 2,132,985	\$	\$
In Lieu Tax Payments	81,878		
Excess Fees	77,629		
Intergovernmental	717,967	1,541,607	899,775
Charges for Services	15,922		62,091
Miscellaneous	67,208	27,358	95
Interest	5,592	152	36
Total Receipts	<u>3,099,181</u>	<u>1,569,117</u>	<u>961,997</u>
DISBURSEMENTS			
General Government	953,174	8,100	
Protection to Persons and Property	832,854		1,187,341
General Health and Sanitation	13,701		
Recreation and Culture	49,890		
Roads		1,178,095	
Debt Service	429,638		
Capital Projects	75,616		
Administration	683,390	76,187	163,345
Total Disbursements	<u>3,038,263</u>	<u>1,262,382</u>	<u>1,350,686</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>60,918</u>	<u>306,735</u>	<u>(388,689)</u>
Other Adjustments to Cash (Uses)			
Payroll Revolving Account	(19,541)		
Transfers From Other Funds	621,502	142,500	381,916
Transfers To Other Funds	(569,454)	(370,300)	(20,000)
Total Other Adjustments to Cash (Uses)	<u>32,507</u>	<u>(227,800)</u>	<u>361,916</u>
Net Change in Fund Balance	93,425	78,935	(26,773)
Fund Balance - Beginning	(77,174)	(93,904)	(92,336)
Fund Balance - Ending	<u>\$ 16,251</u>	<u>\$ (14,969)</u>	<u>\$ (119,109)</u>
Composition of Fund Balance			
Bank Balance	\$ 67,463	\$ 531	\$ 5,995
Reconciled Payroll Account Balance	(19,541)		
Less Outstanding Checks	(36,684)	(15,500)	(125,104)
Certificates of Deposit	5,013		
Fund Balance - Ending	<u>\$ 16,251</u>	<u>\$ (14,969)</u>	<u>\$ (119,109)</u>

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

JACKSON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2017
(Continued)

Budgeted Funds					
Local Government Economic Assistance Fund	Federal Grant Fund	CSEPP/ Emergency Management Fund	Forest Fire Fund	Transfer Station Fund	911 CMRS Fund
\$	\$	\$	\$ 2,159	\$	\$
150,706	92,329	131,540		88,008 270,909	237,594
328			4	35	
<u>151,034</u>	<u>92,329</u>	<u>131,540</u>	<u>2,163</u>	<u>358,952</u>	<u>237,594</u>
34,217					
46,489	19,000		6,987		204,806
8,734				311,928	
				11,366	
<u>89,440</u>	<u>19,000</u>	<u></u>	<u>6,987</u>	<u>323,294</u>	<u>204,806</u>
61,594	73,329	131,540	(4,824)	35,658	32,788
12,662	54,959		38	50,000	
(72,662)	(12,662)	(131,540)		(54,959)	(32,000)
(60,000)	42,297	(131,540)	38	(4,959)	(32,000)
1,594	115,626		(4,786)	30,699	788
1,007	67	500	4,786	7,066	
<u>\$ 2,601</u>	<u>\$ 115,693</u>	<u>\$ 500</u>	<u>\$ 0</u>	<u>\$ 37,765</u>	<u>\$ 788</u>
\$ 2,601	\$ 115,693	\$ 500	\$	\$ 52,782	\$ 788
				(15,017)	
<u>\$ 2,601</u>	<u>\$ 115,693</u>	<u>\$ 500</u>	<u>\$ 0</u>	<u>\$ 37,765</u>	<u>\$ 788</u>

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

JACKSON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2017
(Continued)

	<u>Unbudgeted Funds</u>		
	Public Facilities Construction Corporation Fund	Jail Commissary Fund	Total Funds
RECEIPTS			
Taxes	\$	\$	\$ 2,135,144
In Lieu Tax Payments			81,878
Excess Fees			77,629
Intergovernmental	800,750		4,660,276
Charges for Services			348,922
Miscellaneous		124,634	219,295
Interest	532		6,679
Total Receipts	<u>801,282</u>	<u>124,634</u>	<u>7,529,823</u>
DISBURSEMENTS			
General Government			995,491
Protection to Persons and Property			2,297,477
General Health and Sanitation			334,363
Recreation and Culture		133,566	183,456
Roads			1,178,095
Debt Service	797,550		1,227,188
Capital Projects			75,616
Administration			934,288
Total Disbursements	<u>797,550</u>	<u>133,566</u>	<u>7,225,974</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>3,732</u>	<u>(8,932)</u>	<u>303,849</u>
Other Adjustments to Cash (Uses)			
Payroll Revolving Account			(19,541)
Transfers From Other Funds			1,263,577
Transfers To Other Funds			(1,263,577)
Total Other Adjustments to Cash (Uses)			<u>(19,541)</u>
Net Change in Fund Balance	3,732	(8,932)	284,308
Fund Balance - Beginning	<u>325,348</u>	<u>21,584</u>	<u>96,944</u>
Fund Balance - Ending	<u>\$ 329,080</u>	<u>\$ 12,652</u>	<u>\$ 381,252</u>
Composition of Fund Balance			
Bank Balance	\$ 329,080	\$ 13,506	\$ 588,939
Reconciled Payroll Account Balance			(19,541)
Less Outstanding Checks		(854)	(193,159)
Certificates of Deposit			5,013
Fund Balance - Ending	<u>\$ 329,080</u>	<u>\$ 12,652</u>	<u>\$ 381,252</u>

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

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TO THE FINANCIAL STATEMENT**

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JACKSON COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2017

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Jackson County includes all budgeted and unbudgeted funds under the control of the Jackson County Fiscal Court. Budgeted funds included within the reporting entity are those funds presented in the county's approved annual budget and reported on the quarterly reports submitted to the Department for Local Government. Unbudgeted funds may include non-fiduciary financial activities, private purpose trust funds, and internal service funds that are within the county's control. Unbudgeted funds may also include any corporation to act as the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

B. Basis of Accounting

The financial statement is presented on a regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of fund balances and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) to meet the financial reporting requirements of the Department for Local Government and the laws of the Commonwealth of Kentucky.

This regulatory basis of accounting differs from GAAP primarily because the financial statement format does not include the GAAP presentations of government-wide and fund financial statements, cash receipts are recognized when received in cash rather than when earned and susceptible to accrual, and cash disbursements are recognized when paid rather than when incurred or subject to accrual.

Generally, except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to sale ninety days following April 15.

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary sources of receipts for this fund are state payments for truck license distribution, municipal road aid, and transportation grants. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of receipts for this fund are reimbursements from the state and federal governments, payments from other counties for housing prisoners, and transfers from the general fund. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

JACKSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

Federal Grant Fund - The primary purpose of this fund is to account for federal grant receipts and disbursements. The primary source of receipts is federal grants.

CSEPP/Emergency Management Fund - The primary purpose of this fund is to account for receipts and disbursements of Chemical Stockpile Emergency Preparedness Program (CSEPP) grants. These funds are received from the Department of Homeland Security and are to be used solely for the purpose of providing emergency preparedness in case of an accident involving the stockpile of chemical weapons at the Blue Grass Army Depot in Madison County, Kentucky. In no event shall these funds be used for expenses relating to the administration of the government. Federal requirements, along with the Department for Local Government, require the fiscal court to maintain these receipts and disbursements separately from the general fund.

Forest Fire Fund - The primary purpose of this fund is to account for the receipts of fire acres tax paid and disbursed for fire protection due to the state government.

Transfer Station Fund - The primary purpose of this fund is to account for the receipts and disbursements of user fees charged for providing solid waste disposal services to county residents.

911 CMRS Fund - The primary purpose of this fund is to support the operation of the county's emergency communications. The primary sources of receipts for this fund are land line and cellular telephone fees paid monthly by consumers.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Public Facilities Construction Corporation Fund - The primary purpose of this fund is to account for the proceeds and debt service of revenue bonds that were issued to fund construction of public buildings. The State Local Finance Officer does not require this fund to be budgeted.

Jail Commissary Fund - The canteen operations are authorized pursuant to KRS 441.135(1). The profits generated from the sale of items are to be used for the benefit and to enhance the well-being of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the jail commissary fund. The state local finance officer does not require this fund to be budgeted.

D. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board and according to the laws of Kentucky as required by the state local finance officer.

JACKSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information (Continued)

The county judge/executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the state local finance officer. Disbursements may not exceed budgeted appropriations at the activity level.

The state local finance officer does not require the jail commissary fund to be budgeted because the fiscal court does not approve the expenses of this fund.

The state local finance officer does not require the public facilities construction corporation fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

E. Jackson County Elected Officials

Kentucky law provides for election of the officials below from the geographic area constituting Jackson County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the Board of Education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statement of the Jackson County Fiscal Court.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

F. Deposits and Investments

The government's fund balance is considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition. The government's fund balance includes cash and cash equivalents and investments.

KRS 66.480 authorizes the county 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).

JACKSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

G. Long-term Obligations

The fund financial statement recognizes bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as disbursements. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as disbursements. Debt proceeds are reported as other adjustments to cash.

Note 2. Deposits

The fiscal court maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC 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 fiscal court 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 government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 66.480(1)(d) and KRS 41.240. As of June 30, 2017, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2017.

	General Fund	Road Fund	Jail Fund	LGEA Fund	Federal Grant Fund	CSEPP/ Emergency Management Fund	Transfer Station Fund	911 CMRS Fund	Total Transfers In
General Fund	\$	\$ 370,300	\$ 20,000	\$ 67,662	\$	\$ 131,540	\$	\$ 32,000	\$ 621,502
Road Fund	137,500			5,000					142,500
Jail Fund	381,916								381,916
LGEA Fund					12,662				12,662
Federal Grant Fund							54,959		54,959
Forest Fire Fund	38								38
Transfer Station Fund	50,000								50,000
Total Transfers Out	\$ 569,454	\$ 370,300	\$ 20,000	\$ 72,662	\$ 12,662	\$ 131,540	\$ 54,959	\$ 32,000	\$ 1,263,577

Reason for transfers:

To move resources from and to the general fund and other funds, for budgetary purposes, to the funds that will expend them.

JACKSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 4. Agency Trust Funds

Agency trust funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments.

The fiscal court has the following agency trust fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2017, was \$27,935.

Note 5. Receivable

In May 2010, the Department for Local Government awarded the Jackson County Fiscal Court a \$1,000,000 Multi-County Local Government Economic Development Fund (LGEDF) Grant for the purposes of acquiring the Phillips Diversified manufacturing facility located in the McKee/Jackson County Regional Industrial Park and make improvements to the facility. In February 2011, the agreement was amended to reflect a change in the use of project proceeds to be used as a revolving loan fund by the McKee/Jackson County Industrial Development Authority. The revolving loan fund is administered by the McKee/Jackson County Industrial Development Authority. As of June 30, 2017, the outstanding balance of the loan fund was \$693,535. Future principal and interest payments are scheduled as following:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2018	\$ 56,594	\$ 30,055
2019	64,455	27,344
2020	67,417	24,383
2021	70,514	21,286
2022	73,753	18,046
2023-2027	360,802	36,993
Totals	<u>\$ 693,535</u>	<u>\$ 158,107</u>

Note 6. Long-term Debt

A. Financing Obligation - County Detention Center

On October 19, 2011, the Jackson County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) in the amount of \$3,870,000 for the refinancing of a lease agreement dated August 3, 2009, between KACoLT and the Jackson County Fiscal Court, the proceeds of which provided financing for construction and equipping the county detention center and refinancing of a lease agreement dated May 12, 2011, between PNC Equipment Finance and Jackson County Fiscal Court, the proceeds of which were used to finance the acquisition and installation of security system enhancements. The agreement requires variable monthly payments for 327 months to be paid in full January 1, 2039, with an interest rate of 5.14 percent. The outstanding principal balance of the agreement is \$3,340,000 as of June 30, 2017. Lease payments for the remaining years are:

JACKSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 6. Long-term Debt (Continued)

A. Financing Obligation - County Detention Center (Continued)

Fiscal Year Ending June 30	Principal	Scheduled Interest
2018	\$ 91,667	\$ 144,803
2019	102,083	155,110
2020	107,083	151,522
2021	110,000	147,927
2022	112,083	132,482
2023-2027	635,415	646,317
2028-2032	791,667	487,824
2033-2037	1,010,834	276,906
2038-2039	379,168	29,427
Totals	<u>\$ 3,340,000</u>	<u>\$ 2,172,318</u>

B. Financing Obligation - Road Improvements

On May 22, 2013, the Jackson County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) in the amount of \$500,000. The lease was for improvements to county roads. The agreement has an interest rate of 3.501 percent. The outstanding principal balance of the agreement is \$61,250 as of June 30, 2017. Lease payments for the remaining years are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2018	\$ 61,250	\$ 6,711
Totals	<u>\$ 61,250</u>	<u>\$ 6,711</u>

C. Financing Obligation - Road Improvements

On May 31, 2012, the Jackson County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) in the amount of \$500,000. The lease was for improvements to county roads. The agreement has a variable interest rate. During fiscal year 2017, the interest rate was 4.55 percent. Principal and interest payments are due monthly. The outstanding principal balance of the agreement is \$200,000 as of June 30, 2017. Lease payments for the remaining years are:

JACKSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 6. Long-term Debt (Continued)

C. Financing Obligation - Road Improvements (Continued)

Fiscal Year Ending June 30	Principal	Scheduled Interest
2018	\$ 40,000	\$ 8,463
2019	40,000	6,618
2020	40,000	4,783
2021	40,000	2,927
2022	40,000	1,082
Totals	<u>\$ 200,000</u>	<u>\$ 23,873</u>

D. Revenue Bonds, Series 2007 - Judicial Center

In December 2007, the Jackson County Public Properties Corporation issued \$8,455,000 of First Mortgage Revenue Bonds. The proceeds from this issuance were used to (a) provide financing for the acquisition, development, and construction of a new courthouse facility located within the city, to be used and leased by the Administrative Office of the Courts; (b) pay the principal and interest of the First Mortgage Revenue Bond Anticipation Note; (c) pay capitalized and/or accrued interest, if any; and (d) pay the cost of issuance incurred with respect to the issuance of bonds. Principal payments are due annually on December 1, and interest, which varies at a rate of 3.5 to 4.375 percent, is payable semi-annually on December 1 and June 1. In October 29, 2015, these bonds were partially defeased with First Mortgage Refunding Revenue Bonds, Series 2015. The outstanding principal balance as of June 30, 2017, is \$7,895,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2018	\$ 580,000	\$ 320,331
2019	605,000	296,631
2020	630,000	271,931
2021	655,000	246,231
2022	680,000	219,531
2023-2027	3,865,000	634,772
2028	880,000	19,250
Totals	<u>\$ 7,895,000</u>	<u>\$ 2,008,677</u>

JACKSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 6. Long-term Debt (Continued)

E. Refunding Revenue Bonds, Series 2015 - Judicial Center

On October 29, 2015, the Jackson County Public Properties Corporation issued \$7,360,000 of First Mortgage Revenue Refunding Bonds. Proceeds from the bonds were used for the purposes of (i) the advance refunding of all or certain maturities of the Jackson County, Kentucky Public Properties Corporation First Mortgage Revenue Bonds (Judicial Center project), Series 2007; (ii) the payment of accrued interest, if any; and (iii) the payment of the cost of issuance incurred with respect to the issuance of the bonds. Principal payments are due annually on August 1 beginning December 1, 2017. Interest payments, which vary from 2 to 3 percent, are payable semi-annually on December 1 and June 1. The outstanding principal balance as of June 30, 2017, is \$7,360,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2018	\$ 60,000	\$ 176,150
2019	105,000	174,500
2020	735,000	166,100
2021	745,000	151,300
2022	760,000	136,250
2023-2027	4,070,000	407,113
2028	885,000	13,275
Totals	<u>\$ 7,360,000</u>	<u>\$ 1,224,688</u>

F. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds	\$ 15,815,000	\$	\$ 560,000	\$ 15,255,000	\$ 640,000
Financing Obligations	3,840,833		239,583	3,601,250	192,917
Total Long-term Debt	<u>\$ 19,655,833</u>	<u>\$ 0</u>	<u>\$ 799,583</u>	<u>\$ 18,856,250</u>	<u>\$ 832,917</u>

Note 7. Commitment Debt

As of June 30, 2017, the Jackson County Fiscal Court had unpaid liabilities to the Kentucky Retirement System (KRS). The county owes \$52,221 in outstanding invoices for pension spiking, expense allowances, and penalties. In addition, the county also owes KRS retirement withholdings and employer contributions for nine months in fiscal year 2016. A total amount due has not been determined by the county or KRS.

JACKSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 8. Employee Retirement System

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (KRS). This 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 and provisions are established by statute.

The county's contribution fiscal year 2017 was \$490,304.

Nonhazardous

Nonhazardous covered employees are required to contribute five percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute six percent of their salary to be allocated as follows: five percent will go to the member's account and one percent will go to the KRS insurance fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own accounts. Nonhazardous covered employees contribute five percent of their annual creditable compensation. Nonhazardous members also contribute one percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the KRS Board of Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a four percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008, must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

The county's contribution rate for nonhazardous employees was 18.68 percent.

Hazardous

Hazardous covered employees are required to contribute eight percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute nine percent of their salary to be allocated as follows: eight percent will go to the member's account and one percent will go to the KRS insurance fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan.

JACKSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 8. Employee Retirement System (Continued)

Hazardous

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute eight percent of their annual creditable compensation and also contribute one percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A hazardous member's account is credited with a seven and one-half percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008, aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

The county's contribution rate for hazardous employees was 31.06 percent.

Health Insurance Coverage

CERS also provides post-retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Years of Service	% Paid by Insurance Fund	% Paid by Member through Payroll Deduction
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Hazardous employees whose participation began on or after July 1, 2003, earn 15 dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, the employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

KRS issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

JACKSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 8. Employee Retirement System (Continued)

KRS also issues a proportionate share audit report that includes the total pension liability for CERS determined by actuarial valuation as well as each participating county's proportionate share. The Schedules of Employer Allocations and Pension Amounts by Employer report 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 9. Deferred Compensation

The Jackson County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees, and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing the Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925

Note 10. Insurance

For the fiscal year ended June 30, 2017, the Jackson County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 11. Negative Fund Balances

- A. As of June 30, 2017, the road fund had a negative fund balance in the amount of \$14,969 and the jail fund had a negative fund balance in the amount of \$119,109. These deficits were due to issuing checks prior to having funds available to cover the checks.
- B. As of June 30, 2017, the road fund account had a deficit balance of \$101,592. The road fund deficit was due primarily to prior period transfers of restricted funds that have not been repaid. The financial statement does not include any adjustment for this fiscal year-end deficit.

Cash Balance	\$ (14,969)
Interfund Payables	<u>(86,623)</u>
Fund Balance	<u>\$ (101,592)</u>

JACKSON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2017
(Continued)

Note 12. Subsequent Events

On August 17, 2017, the Jackson County Fiscal Court entered into a lease agreement with KACo Leasing Trust in the amount of \$65,000 to pay outstanding bills related to the Chemical Stockpile Emergency Preparedness Program (CSEPP).

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JACKSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2017

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JACKSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2017

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 2,038,550	\$ 2,038,550	\$ 2,132,985	\$ 94,435
In Lieu Tax Payments	56,000	56,000	81,878	25,878
Excess Fees	21,841	21,841	77,629	55,788
Intergovernmental	657,551	657,551	717,967	60,416
Charges for Services	16,500	16,500	15,922	(578)
Miscellaneous	7,750	257,750	67,208	(190,542)
Interest	50	50	5,592	5,542
Total Receipts	<u>2,798,242</u>	<u>3,048,242</u>	<u>3,099,181</u>	<u>50,939</u>
DISBURSEMENTS				
General Government	979,737	980,317	953,174	27,143
Protection to Persons and Property	670,327	833,105	832,854	251
General Health and Sanitation	18,800	13,745	13,701	44
Recreation and Culture	92,360	49,983	49,890	93
Debt Service	420,028	429,725	429,638	87
Capital Projects	190,000	75,645	75,616	29
Administration	444,741	911,938	683,390	228,548
Total Disbursements	<u>2,815,993</u>	<u>3,294,458</u>	<u>3,038,263</u>	<u>256,195</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(17,751)</u>	<u>(246,216)</u>	<u>60,918</u>	<u>307,134</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	488,491	488,491	621,502	133,011
Transfers To Other Funds	<u>(470,740)</u>	<u>(470,740)</u>	<u>(569,454)</u>	<u>(98,714)</u>
Total Other Adjustments to Cash (Uses)	<u>17,751</u>	<u>17,751</u>	<u>52,048</u>	<u>34,297</u>
Net Change in Fund Balance		(228,465)	112,966	341,431
Fund Balance - Beginning			<u>(77,174)</u>	<u>(77,174)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (228,465)</u>	<u>\$ 35,792</u>	<u>\$ 264,257</u>

JACKSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 15,200	\$ 15,200	\$	\$ (15,200)
Intergovernmental	1,532,931	1,560,836	1,541,607	(19,229)
Miscellaneous	1,000	1,000	27,358	26,358
Interest	200	200	152	(48)
Total Receipts	<u>1,549,331</u>	<u>1,577,236</u>	<u>1,569,117</u>	<u>(8,119)</u>
DISBURSEMENTS				
General Government		8,110	8,100	10
Roads	1,200,489	1,148,194	1,178,095	(29,901)
Administration	215,351	76,461	76,187	274
Total Disbursements	<u>1,415,840</u>	<u>1,232,765</u>	<u>1,262,382</u>	<u>(29,627)</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>133,491</u>	<u>344,471</u>	<u>306,735</u>	<u>(37,746)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			142,500	142,500
Transfers To Other Funds	(138,491)	(138,491)	(370,300)	(231,809)
Total Other Adjustments to Cash (Uses)	<u>(138,491)</u>	<u>(138,491)</u>	<u>(227,800)</u>	<u>142,500</u>
Net Change in Fund Balance	(5,000)	205,980	78,935	(127,045)
Fund Balance - Beginning	<u>5,000</u>	<u>5,000</u>	<u>(93,904)</u>	<u>(98,904)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 210,980</u>	<u>\$ (14,969)</u>	<u>\$ (225,949)</u>

JACKSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 1,006,272	\$ 1,006,272	\$ 899,775	\$ (106,497)
Charges for Services	61,000	61,000	62,091	1,091
Miscellaneous	75	75	95	20
Interest	15	15	36	21
Total Receipts	<u>1,067,362</u>	<u>1,067,362</u>	<u>961,997</u>	<u>(105,386)</u>
DISBURSEMENTS				
Protection to Persons and Property	1,252,396	1,187,892	1,187,341	551
Administration	181,340	163,644	163,345	299
Total Disbursements	<u>1,433,736</u>	<u>1,351,536</u>	<u>1,350,686</u>	<u>551</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(366,374)</u>	<u>(284,174)</u>	<u>(388,689)</u>	<u>(104,835)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	366,374	366,374	381,916	15,542
Transfers To Other Funds			<u>(20,000)</u>	
Total Other Adjustments to Cash (Uses)	<u>366,374</u>	<u>366,374</u>	<u>361,916</u>	<u>15,542</u>
Net Change in Fund Balance		82,200	(26,773)	(108,973)
Fund Balance - Beginning			<u>(92,336)</u>	<u>(92,336)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 82,200</u>	<u>\$ (119,109)</u>	<u>\$ (201,309)</u>

JACKSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 34,000	\$ 34,000	\$ 150,706	\$ 116,706
Interest	12	12	328	316
Total Receipts	<u>34,012</u>	<u>34,012</u>	<u>151,034</u>	<u>117,022</u>
DISBURSEMENTS				
General Government	11,000	34,300	34,217	83
Social Services	5,000	200		
Roads	89,385	46,635	46,489	146
Administration	8,627	9,027	8,734	293
Total Disbursements	<u>114,012</u>	<u>90,162</u>	<u>89,440</u>	<u>522</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(80,000)</u>	<u>(56,150)</u>	<u>61,594</u>	<u>117,544</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	75,000	75,000	12,662	(62,338)
Transfers To Other Funds			(72,662)	(72,662)
Total Other Adjustments to Cash (Uses)	<u>75,000</u>	<u>75,000</u>	<u>(60,000)</u>	<u>(135,000)</u>
Net Change in Fund Balance	(5,000)	18,850	1,594	(17,256)
Fund Balance - Beginning	<u>5,000</u>	<u>5,000</u>	<u>1,007</u>	<u>(3,993)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 23,850</u>	<u>\$ 2,601</u>	<u>\$ (21,249)</u>

JACKSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

	FEDERAL GRANT FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 2,000	\$ 2,000	\$ 92,329	\$ 90,329
Total Receipts	2,000	2,000	92,329	90,329
DISBURSEMENTS				
Protection to Persons and Property	2,000	19,200	19,000	200
Total Disbursements	2,000	19,200	19,000	200
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(17,200)	73,329	90,529
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			54,959	54,959
Transfers To Other Funds			(12,662)	(12,662)
Total Other Adjustments to Cash (Uses)			42,297	42,297
Net Change in Fund Balance		(17,200)	115,626	132,826
Fund Balance - Beginning			67	67
Fund Balance - Ending	\$ 0	\$ (17,200)	\$ 115,693	\$ 132,893

JACKSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

CSEPP/EMERGENCY MANAGEMENT FUND				
	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 350,000	\$ 350,000	\$ 131,540	\$ (218,460)
Total Receipts	<u>350,000</u>	<u>350,000</u>	<u>131,540</u>	<u>(218,460)</u>
DISBURSEMENTS				
Total Disbursements				
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>350,000</u>	<u>350,000</u>	<u>131,540</u>	<u>(218,460)</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(350,000)</u>	<u>(350,000)</u>	<u>(131,540)</u>	<u>218,460</u>
Total Other Adjustments to Cash (Uses)	<u>(350,000)</u>	<u>(350,000)</u>	<u>(131,540)</u>	<u>218,460</u>
Net Change in Fund Balance				
Fund Balance - Beginning			<u>500</u>	<u>500</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 500</u>	<u>\$ 500</u>

JACKSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

FOREST FIRE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 2,500	\$ 2,500	\$ 2,159	\$ (341)
Interest			4	4
Total Receipts	<u>2,500</u>	<u>2,500</u>	<u>2,163</u>	<u>(337)</u>
DISBURSEMENTS				
Protection to Persons and Property	<u>2,525</u>	<u>6,993</u>	<u>6,987</u>	<u>6</u>
Total Disbursements	<u>2,525</u>	<u>6,993</u>	<u>6,987</u>	<u>6</u>
Excess (Deficiency) of Receipts Over				
Disbursements Before Other				
Adjustments to Cash (Uses)	<u>(25)</u>	<u>(4,493)</u>	<u>(4,824)</u>	<u>(331)</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			<u>38</u>	<u>38</u>
Total Other Adjustments to Cash (Uses)			<u>38</u>	<u>38</u>
Net Change in Fund Balance	(25)	(4,493)	(4,786)	(293)
Fund Balance - Beginning	<u>25</u>	<u>25</u>	<u>4,786</u>	<u>4,761</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,468</u>

JACKSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

	TRANSFER STATION FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 28,000	\$ 28,000	\$ 88,008	\$ 60,008
Charges for Services	258,000	258,000	270,909	12,909
Interest	12	12	35	23
Total Receipts	<u>286,012</u>	<u>286,012</u>	<u>358,952</u>	<u>72,940</u>
DISBURSEMENTS				
General Health and Sanitation	296,113	312,313	311,928	385
Administration	19,765	27,670	11,366	16,304
Total Disbursements	<u>315,878</u>	<u>339,983</u>	<u>323,294</u>	<u>16,689</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(29,866)</u>	<u>(53,971)</u>	<u>35,658</u>	<u>89,629</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	29,366	29,366	50,000	20,634
Transfers To Other Funds			(54,959)	(54,959)
Total Other Adjustments to Cash (Uses)	<u>29,366</u>	<u>29,366</u>	<u>(4,959)</u>	<u>(34,325)</u>
Net Change in Fund Balance	(500)	(24,605)	30,699	55,304
Fund Balance - Beginning	<u>500</u>	<u>500</u>	<u>7,066</u>	<u>6,566</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (24,105)</u>	<u>\$ 37,765</u>	<u>\$ 61,870</u>

JACKSON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2017
(Continued)

	911 CMRS FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$	\$ 205,650	\$ 237,594	\$ 31,944
Total Receipts		205,650	237,594	31,944
DISBURSEMENTS				
Protection to Persons and Property		265,220	204,806	60,414
Total Disbursements		265,220	204,806	60,414
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		(59,570)	32,788	92,358
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			(32,000)	(32,000)
Transfers To Other Funds			(32,000)	(32,000)
Total Other Adjustments to Cash (Uses)			(32,000)	(32,000)
Net Change in Fund Balance		(59,570)	788	60,358
Fund Balance - Beginning				
Fund Balance - Ending	\$	0	\$ 788	\$ 60,358

JACKSON COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2017

Note 1. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board and according to the laws of Kentucky as required by the state local finance officer.

The county judge/executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the state local finance officer. Disbursements may not exceed budgeted appropriations at the activity level.

Note 2. Excess of Disbursements Over Appropriations

Road fund road disbursements exceeded budgeted appropriation for a total of \$29,901.

Note 3. Budget Transfers Did Not Balance

During fiscal year 2017, the Jackson County Fiscal Court transferred budgeted appropriations between funds. The transfers did not balance, creating a budget discrepancy of \$(12,310).

Note 4. Reconciliation of General Fund

Reconciliation of the General Fund	
Other Adjustments to Cash (Uses)-Budgetary Basis	\$ 52,048
To adjust Payroll Revolving Account	<u>(19,541)</u>
Total Other Adjustments to Cash (Uses)-Regulatory Basis	<u>\$ 32,507</u>
Fund Balance - Ending-Budgetary Basis	\$ 35,792
To adjust for Payroll Revolving Account	<u>(19,541)</u>
Total Fund Balance - Ending-Regulatory Basis	<u>\$ 16,251</u>

**JACKSON COUNTY
SCHEDULE OF CAPITAL ASSETS
Supplementary Information - Regulatory Basis**

For The Year Ended June 30, 2017

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JACKSON COUNTY
SCHEDULE OF CAPITAL ASSETS
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2017

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 698,632	\$	\$	\$ 698,632
Buildings	9,688,464	28,715		9,717,179
Vehicles and Equipment	3,458,879	295,796	118,050	3,636,625
Infrastructure	8,319,889	483,406		8,803,295
Total Capital Assets	<u>\$ 22,165,864</u>	<u>\$ 807,917</u>	<u>\$ 118,050</u>	<u>\$ 22,855,731</u>

**JACKSON COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - SCHEDULE OF CAPITAL ASSETS**

June 30, 2017

Note 1. Capital Assets

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported as other information. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 12,500	10-60
Buildings and Building Improvements	\$ 25,000	10-75
Vehicles and Equipment	\$ 5,000	3-25
Infrastructure	\$ 20,000	10-50

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Shane Gabbard, Jackson County Judge/Executive
Members of the Jackson County Fiscal Court

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Jackson County Fiscal Court for the fiscal year ended June 30, 2017, and the related notes to the financial statement which collectively comprise the Jackson County Fiscal Court's financial statement and have issued our report thereon dated August 8, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Jackson County Fiscal Court's internal control over financial reporting (internal control) to determine the 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 Jackson County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Jackson County Fiscal Court'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 over financial reporting 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 2017-001, 2,017-004, 2017-005, 2017-006, 2017-007, 2017-008, 2017-009, 2017-010, 2017-011, 2017-012, and 2017-015 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)

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 2017-013 to be a significant deficiency.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Jackson County Fiscal Court'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 determination of financial statement amounts. 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 2017-001, 2017-002, 2017-003, 2017-004, 2017-005, 2017-006, 2017-008, 2017-009, 2017-010, 2017-011, 2017-012, 2017-014, and 2017-015.

Views of Responsible Officials and Planned Corrective Action

Jackson County's views and planned corrective action for the findings identified in our audit are included in the accompanying Schedule of Findings and Responses. The county's responses were not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on them.

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,



Mike Harmon
Auditor of Public Accounts

August 8, 2018

**JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2017

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**JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2017

FINANCIAL STATEMENT FINDINGS:

2017-001 The Jackson County Fiscal Court's Annual Financial Statement Contained Inaccuracies

The Jackson County Fiscal Court's annual financial statement was not supported by the appropriation condition report for the general or road funds. The sum of the line item detail for the appropriation condition report had a mathematical difference of \$3,935 when compared to the disbursement amount reported for the general fund, and a mathematical difference of \$21,577 when compared to the disbursement amount reported for the road fund. Auditors were able to identify where the differences were by using check register detail from the county's software.

The general fund was also misstated by \$5,013 due to the balance of a certificate of deposit (CD) being omitted from the final balance reported on the financial statement. This was a prior year issue noted in finding 2016-017.

The fiscal court also failed to maintain a listing of and to report encumbrances as required.

The aggregate difference of the errors did not rise to a material level; however, the errors were not identified by the county's management or accounting personnel.

The errors relating to posting differences were caused by issues with the county's financial reporting software. It is unknown if the errors were due to a failure in the software or due to user error. Regardless of the underlying cause, the county did not have adequate procedures to identify that the discrepancy had occurred. The CD being omitted from the general fund balance was due to accounting personnel not recognizing the error. The encumbrance listing was not maintained due to the fiscal court not having an effective purchase order system implemented.

This has resulted in the financial reporting errors for county funds.

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 county officials to submit annual financial reports in six sections. Section I is a summary and reconciliation of county funds. Included in that amount is the cash balance, including any investments attributable to a fund. Section IV is an appropriation condition report that supports the disbursement amounts reported on the summary and reconciliation section of the annual financial report.

KRS 68.360(2) states, "[t]he county judge/executive shall, within fifteen (15) days after the end of each quarter of each fiscal year, prepare a statement showing for the current fiscal year to date actual receipts from each county revenue source, the totals of all encumbrances and expenditures charged against each budget fund, the unencumbered balance of the fund, and any transfers made to or from the fund." Those encumbered balances are required to be reported on the county's annual financial report.

We recommend that Jackson County Fiscal Court improve procedures over financial reporting to ensure accurate reporting of the county's financial status.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The Jackson County Fiscal Court Treasurer and Finance Officer is working with the software company to correct inaccuracies in the Financial Statement.

JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2017
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-002 The Jackson County Fiscal Court Had Deficit Balances In The Road And Jail Funds

This is a repeat finding and was included in the prior year report as finding 2016-003. The financial statement for the Jackson County Fiscal Court reflects a deficit balance in two funds. The road fund and the jail fund balances were (\$14,696) and (\$119,109), respectively.

The Jackson County Fiscal Court failed to adequately monitor the budget to ensure the county maintained expenditures within available revenues. Expending more money than is available could result in the Jackson County Fiscal Court not being able to meet monthly obligations, thereby jeopardizing daily operations of the county.

KRS 68.110(1) states, “[t]he fiscal court shall not in any year expend any money in excess of the amount annually levied and collected for that year or levied, collected or appropriated for any special purpose.”

We recommend the Jackson County Fiscal Court closely monitor the annual budget and maintain expenditures within the county’s available revenues.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive’s Response: The official did not provide a response.

2017-003 The Jackson County Fiscal Court Commingled Chemical Stockpile Emergency Preparedness Program Funds With The County’s General Fund

This is a repeat finding and was included in the prior year report as finding 2016-037. The Jackson County Fiscal Court received one reimbursement from the Chemical Stockpile Emergency Preparedness Program/Emergency Management program in the amount of \$131,540. These funds were deposited to the Chemical Stockpile Emergency Preparedness Program/Emergency Management (CSEPP/EM) fund, then subsequently transferred to the general fund during fiscal year 2017. The fiscal court used an established line item in the general fund to pay emergency management’s claims associated with the county’s CSEPP program. Total CSEPP disbursements for fiscal year 2017 totaled \$434,337.

In fiscal year 2017, the county was paying liabilities that were due from fiscal year 2016. The general fund was responsible for paying 100 percent of the CSEPP expenses because the majority had been already covered by advance reimbursement payments from the prior year. The transfer of funds from the CSEPP/EM account to the general fund, along with many of the disbursements, had been made prior to the completion of the fiscal year 2016 audit.

The transfer of funds into the county’s general fund to pay claims commingles federal funds with other non-federal funds, which is prohibited.

The Catalog of Federal Domestic Assistance (CFDA) establishes requirements for administering federal funds. CFDA #97.060 states “CSEPP funds may not be commingled with other non-CSEPP funds.” This requirement is meant to provide accurate accounting of the receipts and disbursements of federal funds.

JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2017
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-003 The Jackson County Fiscal Court Commingled Chemical Stockpile Emergency Preparedness Program Funds With The County's General Fund (Continued)

We recommend the Jackson County Fiscal Court discontinue the practice of transferring federal funds from the CSEPP/EM fund to the general fund. We also recommend the fiscal court properly budget for expenditures from the CSEPP/EM fund and discontinue the practice of budgeting CSEPP/EM disbursements from the general fund.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The County has a properly functioning Chemical Stockpile Emergency Preparedness account that is no longer commingled with the General Fund.

2017-004 The Jackson County Fiscal Court Did Not Have Adequate Controls Over Cash Transfers Between Funds

This is a repeat finding and was included in the prior year report as finding 2016-18 and 2016-19. The Jackson County Fiscal Court did not have adequate controls over cash transfers between funds during fiscal year 2017. Cash transfers were not consistently approved by the fiscal court prior to being transferred. Additionally, the fiscal court transferred \$370,300 from the road fund to the general fund during fiscal year ending June 30, 2017. State truck license distribution receipts for fiscal year 2017 totaled \$228,977, which is the maximum amount allowable for the road fund to transfer to the general fund, meaning the general fund was overpaid by \$141,323. During the year, a total of \$54,700 was transferred back to the road fund from the general fund, leaving a total of \$86,623 yet to be reimbursed to the road fund. It was noted that the general fund did reimburse the prior year amount of \$82,800 due to the road fund.

The Jackson County Fiscal Court did not account for all local government economic assistance (LGEA) program receipts and disbursements separately from the general fund. The county transferred out of the LGEA fund a total of \$60,000, \$55,000 to the general fund and \$5,000 to the road fund. There was also one deposit that was deposited to the general fund instead of the LGEA fund in the amount of \$7,116. While auditors were able to substantiate expenditures on LGEA allowable purposes to account for these amounts, the requirements from DLG require separate handling of LGEA program funds.

Road fund monies are transferred to the general fund to offset administrative costs incurred to manage the road fund. Management did not adequately monitor transferred funds to ensure the total amounts transferred were within an allowable limit. LGEA fund transfers were caused by the county having new accounting personnel in fiscal year 2017 that did not recognize the necessity of the funds being segregated from other funds.

The transfer of road fund monies to the general fund reduces the amount of funds available to maintain county roads. The LGEA transfers resulted in the fund not reflecting the complete financial activity for all LGEA funds received by the county.

The Jackson County Fiscal Court prepares a road fund cost allocation sheet during the budgeting process to calculate the percentage of costs incurred (and ultimately the amount to transfer) by the general fund in the management of road fund activities. The maximum allowable transfer in a given fiscal year is limited to the amount a county receives from the state for truck license distribution. The fiscal court should have a process to monitor amounts transferred from the restricted road fund into the unrestricted general fund to ensure that amounts transferred do not exceed what is allowable.

JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2017
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-004 The Jackson County Fiscal Court Did Not Have Adequate Controls Over Cash Transfers Between Funds (Continued)

KRS 42.455(5) states, “[t]he Department for Local Government shall be responsible for the promulgation of rules and regulations necessary to implement the grant programs[.]” The Department for Local Government (DLG), by way of the *County Budget Preparation and State Local Finance Officer Policy Manual*, requires that LGEA monies are to be accounted individually in separate funds.

We recommend the Jackson County Fiscal Court establish procedures to restrict transfers of restricted funds to the amount allowable. We also recommend the fiscal court reimburse the road fund \$86,623 from the general fund. We further recommend that all LGEA expenditures be paid from the LGEA fund to eliminate the need for LGEA funds to be transferred to other funds.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive’s Response: Cash Transfers are now being presented to Fiscal Court each month.

2017-005 The Jackson County Fiscal Court Did Not Have Adequate Procedures For Reporting County Liabilities

The Jackson County Fiscal Court had posting errors related to debt service payments. The principal and interest relating to debt service payments were not classified correctly when the payments were issued. The liabilities section of the financial statement was misstated. Of the three debts listed, the principal balances for two of the debts were not reported correctly, resulting in a difference of \$35,168. The interest balances on all three debts were different, resulting in a difference of \$181,131.

Also, two debts related to the Jackson County Public Properties Corporation (PPC) issued for the construction of the county’s judicial center were not reported on the liabilities schedule.

Since the financial staff was new this year, the PPC debts were omitted from reporting because the accounting staff did not recognize that they should have been reported. The differences in the principal and interest balances are likely due to posting errors in prior years. The software used by the fiscal court calculates the balances for principal and interest based upon when debt service payments are issued. If the debt service payments were misclassified when issued, then the balances would not calculate properly.

This has resulted in the misstatement of county liabilities, making it difficult for management to easily determine where the county’s debt balances stand.

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 report all liabilities of the county, even when related to unbudgeted funds. The schedules should be reported with correct balances. Procedures should be in place at the fiscal court to ensure that all liabilities held at fiscal year-end are reported on the liabilities schedule and have accurate ending balances.

We recommend that the county improve procedures to ensure proper reporting of all county liabilities on the financial statement, including unbudgeted funds like the PPC. We also recommend that the county ensure that debt service payments are properly recorded on the disbursements ledgers.

**JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2017
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-005 The Jackson County Fiscal Court Did Not Have Adequate Procedures For Reporting County Liabilities (Continued)

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Public Properties Liabilities are now being reported on quarterly to the Fiscal Court.

2017-006 The Jackson County Fiscal Court Had Inadequate Procedures Over Handling Of Disbursements

This is a repeat finding and was included in the prior year report as finding 2016-022. During testing of disbursements, the auditor tested 98 disbursements and noted the following issues:

- Eleven disbursements did not have adequate documentation to support the disbursement, including one where no invoice could be located to determine if it was a liability of the court.
- Thirteen disbursements were not presented to the fiscal court before being paid.
- Three disbursements were not coded to the correct accounting code.
- Sixteen disbursements were not paid within 30 working days of receiving the invoice. The fiscal court does not document when an invoice is received. Auditors used invoice date to determine if the invoice was paid timely.
- Fifty disbursements did not have a purchase order made before purchase of the item.

Additionally, during review of the Treasurer's Office Supply Account (01-5040-445), the auditor noted ten of 41 disbursements were coded to the office supply account incorrectly. The disbursements, coded incorrectly, included payments for federal and state back taxes owed, payments for a prior year audit bill, brake pads for county vehicles, and reimbursement to employees for commercial driver's license physicals.

Auditors also identified four instances of bridge work by the same vendor without being competitively procured. Each of the individual payments to the vendor for these bridges were less than the \$20,000 threshold established by statute for competitive procurement; however, in aggregate, the four payments totaled \$71,845. The dates and amounts of the four payments were as follows:

- December 5, 2016 – \$13,685
- January 24, 2017 – \$18,500
- February 28, 2017 – \$19,710
- March 30, 2017 – \$19,950

The fiscal court failed to establish appropriate internal controls over disbursements and has failed to document review activities performed by the county judge/executive. According to conversations with management, accounting personnel during fiscal year 2017 were new, with limited guidance and were learning as they went. The fiscal court also failed to recognize the need for competitive procurement procedures for a transaction when aggregate payments exceeded \$20,000 for services that were not severable categories and could be reasonably estimated in advance. The fiscal court's failure to establish effective internal controls over disbursements resulted in numerous instances of noncompliance reflected above.

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* presents requirements for counties' handling of disbursements, including:

**JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2017
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-006 The Jackson County Fiscal Court Had Inadequate Procedures Over Handling Of Disbursements
(Continued)

- Counties should have a purchase order system where all purchases are approved, and the budget is checked for sufficient available appropriation.
- Operating disbursements are required to have appropriate supporting documentation and be properly coded prior to inclusion on the monthly claims list.
- Claims against the county are required to be paid within 30 days pursuant to KRS 65.140.

KRS 68.275 requires the county judge/executive's office to prepare claims lists for presentation to the fiscal court. Good controls over disbursements are necessary to ensure proper reporting and ensure the county is conducting business that is compliant with required statutes.

KRS 424.260 requires that when procuring services at a cost exceeding \$20,000, the county should make a newspaper advertisement for bids. A county should determine its reasonable and anticipated needs for at least a year. The fiscal court cannot divide the necessary purchases so as to reduce purchases below the required level for bidding.

We recommend the fiscal court improve procedures over disbursements to ensure the proper handling of disbursements. We also recommend the fiscal court ensure compliance with bid laws governing competitive procurement.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: All Disbursements are presented to the Fiscal Court Monthly and recorded. The Fiscal Court viewed each bridge as a single project, unaware that it would be combined and total over \$20,000. We were unaware that we needed to bid the project.

2017-007 The Fiscal Court Lacks Adequate Segregation Of Duties Over Receipts, Record Keeping, Report Preparation, And Reconciliations

This is a repeat finding and was included in the prior year report as finding 2016-001. Segregation of duties did not exist over the fiscal court receipts process including collection and processing, record-keeping, report preparation, and reconciliations. The county treasurer and assistant treasurer perform all receipting functions, including preparing and depositing receipts, posting to ledgers, preparing reports, and performing bank reconciliations. The county has implemented compensating controls, including the county judge/executive reviewing deposits and bank reconciliations; however, these reviews are not documented.

The fiscal court operates with a small staff, making it very difficult to adequately segregate responsibilities. This deficiency increases the risk of misappropriation of assets, errors, and financial reporting going undetected.

The segregation of duties over various accounting functions such as collecting receipts, preparing deposits, report preparation, and bank reconciliations are 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.

**JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2017
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-007 The Fiscal Court Lacks Adequate Segregation Of Duties Over Receipts, Record Keeping, Report Preparation, And Reconciliations (Continued)

We recommend the fiscal court separate the duties in preparing and depositing receipts, recording transactions, preparing reports, and reconciling bank accounts. If any of these duties cannot be segregated due to limited staff or budget, strong oversight should be provided over the employee responsible. The employee providing the oversight should document this by signing or initialing the supporting documentation.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The official did not provide a response.

2017-008 The Jackson County Fiscal Court Lacks Internal Controls Over Transfer Station Receipts And Deposits

This is a repeat finding and was included in the prior year report as finding 2016-028. The following issues were noted with regard to internal controls over receipts and deposits at the county transfer station:

- Appropriate daily checkout procedures have not been established.
- Daily check-out sheets were not prepared.
- Receipts were not accounted for in numerical sequence.
- Employees have regularly taken transfer station receipts home overnight.

The Jackson County Judge/Executive and the fiscal court have failed to establish internal controls over receipts and deposits from the county's transfer station. By allowing employees to take cash and checks home, the fiscal court incurs greater risk of misappropriation of funds. Inaccurate financial reporting and misappropriated funds may occur when receipts are not accounted for on a daily basis, daily checkout sheets are not prepared, and receipts are not accounted for in numerical sequence.

KRS 68.210 gives the state local finance officer the authority to prescribe a uniform system of accounts. The Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual* establishes several procedures to institute a strong internal control environment, including issuing pre-numbered three-part receipts for all receipts and ensuring that deposits are made daily intact.

We recommend the Jackson County Judge/Executive and fiscal court strengthen internal controls to ensure daily check-outs are performed, receipts are processed in order, and cash and checks are not taken home by employees.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The Transfer Station brings deposits for the Treasurer to review and Deposit.

2017-009 The Jackson County Fiscal Court Lacks Internal Controls Over Occupational Taxes

This is a repeat finding and was included in the prior year report as finding 2016-027. The Jackson County Fiscal Court does not have adequate controls over occupational tax collections. The occupational tax administrator performs all duties associated with occupational taxes. There are no procedures or controls in place to provide oversight of the functions of the occupational tax administrator. The occupational tax administrator makes payments to the fiscal court on an as needed basis and the payments do not relate to the actual receipts collected

JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2017
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-009 The Jackson County Fiscal Court Lacks Internal Controls Over Occupational Taxes (Continued)

over any defined period. According to personnel, the county judge/executive does review monthly bank statements; however, this review has not been documented, so it is impossible to determine if this is happening.

This has been caused by the fiscal court's failure to establish internal controls to mitigate the risk involved with collection of occupational tax receipts. Without proper internal controls, the county is exposed to the risk of not receiving all occupational license taxes and erroneous recording of receipts. Also, without occupational taxes being paid periodically and being supported by receipt documentation, it is impossible for the treasurer to determine if amounts being transferred are complete or accurate.

Appropriate internal controls would have additional personnel involved in the occupational tax process. With only one person involved in the process with no evidence of review or management oversight, it is impossible for the county to be able to detect errors, waste, fraud, and abuse.

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* dictates that, "[t]he county treasurer is the sole officer bonded to receive and disburse county funds and could be liable on the county treasurer's bond if correct records are not maintained and the procedures are not followed as required by law." Without adequate support for occupational tax funds received, it is impossible for the treasurer to determine if the amount being deposited to the general fund is complete or accurate.

We recommend the fiscal court implement internal controls over the receipt and disbursement of occupational license taxes. The fiscal court should also ensure that occupational tax receipts are paid over to the fiscal court on a regular periodic basis and supported by receipt documentation to ensure the completeness of the transfer.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Along with the Judge the Finance Officer is now reviewing Occupational receipts along with a statement to the Fiscal Court.

2017-010 The Jackson County Fiscal Court Has Unpaid Obligations To The Kentucky Retirement Systems

The Jackson County Fiscal Court has unpaid obligations to the Kentucky Retirement Systems (KRS). The county owes \$52,221 in outstanding invoices for pension spiking, expense allowance payments, and penalties. The county also owes an undetermined amount to KRS for retirement withholdings and employer contributions for nine months from fiscal year 2016. Although the exact amount of the liability is unknown because payroll data was not submitted to KRS by the county, the average payroll liability for the county is around \$50,000 per month. This issue was addressed in the prior year audit as finding number 2016-015.

The lack of review or monitoring of the payroll process in the prior year allowed county employees' withholdings to go unpaid. Failure to pay obligations to KRS has resulted in penalties being assessed to the county, but can also result in collection via court action against the county.

KRS 78.625 states that retirement contributions for both employee and employer, along with a record of all contributions to the system are due on or before the tenth day of the month following the period being reported. If the agency fails to file all contributions and reports timely, interest shall be added to the delinquent contributions at the actuarial rate adopted by the KRS board compounded annually, but not less than \$1,000. The delinquent contributions, along with interest can be recovered by action in Franklin Circuit Court.

JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2017
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-010 The Jackson County Fiscal Court Has Unpaid Obligations To Kentucky Retirement Systems
 (Continued)

We recommend the county work with KRS officials to determine the amount due for past retirement obligations and establish a method of payment.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The Fiscal Court is working toward a loan to pay the KY Retirement Systems in full for what is owed from the Previous Treasurer's inaccuracies.

2017-011 The Jackson County Fiscal Court Did Not Have Adequate Controls Over Payroll Processing

This is a repeat finding and was included in the prior year report as finding 2016-006. The Jackson County Fiscal Court did not have adequate controls over payroll processing. The lack of adequate controls resulted in the following issues:

- Timesheets were paid without a supervisory review/approval within one department.
- Local occupational taxes were not calculated based on gross wages, but rather based upon wages net of pre-tax items. Local occupational taxes were also not withheld for the judge/executive or magistrates' training incentive pay, nor for the magistrates' expense allowance payments.
- Leave balances for one employee were not updated to reflect leave time used during the pay period tested.
- Employee authorizations for payroll deductions were not up to date in personnel files.
- The fiscal court did not set and approve the salaries of all county officials in accordance with KRS 64.530(1). The fiscal court did approve the total amounts of payroll that were to be charged to each fund; however, the approved document did not list individual employees and wages.
- One employee's gross wages did not post to the correct financial statement line item during each pay period.
- Differences were identified between the monthly retirement reporting and the supporting payroll documentation. These differences were not identified by county payroll personnel.

Weak internal controls have allowed issues with the payroll process to go unnoticed. This has allowed for insufficient supporting documentation for payroll has been maintained and issues of non-compliance were noted with regard to the Jackson County Administrative Code and Kentucky Revised Statutes.

Timesheets should be reviewed and approved by a designated authorizing supervisor prior to being paid in order to ensure that time compensated for is accurate.

The Jackson County Fiscal Court's occupational license tax ordinance states, "[c]ompensation means wages, salaries, commissions" and also, "(b) includes any amounts contributed by an employee to any welfare benefit, fringe benefit or other benefit plan made by salary reduction . . . including but not limited to Section 125."

The Jackson County Fiscal Court's personnel policy, Section 3.44 G. states, "[v]acation may be accumulated to 10 days. All vacation accumulated beyond 10 days will not be granted to the employee." Section 3.44 H. states, "[t]he County Treasurer shall keep complete records of vacation leave. An employee fraudulently obtaining vacation leave or a department head falsely certifying vacation leave allowance may be suspended or dismissed." Without proper time reporting, it is impossible for the fiscal court to uphold its own policy.

**JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2017
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-011 The Jackson County Fiscal Court Did Not Have Adequate Controls Over Payroll Processing
(Continued)

Employee deduction authorizations should be maintained and current in order to ensure correct amounts are withheld on behalf of the employee. This protects both the employee being paid and the employee charged with payroll processing.

KRS 64.530(1) states, “the fiscal court of each county shall fix the reasonable compensation of every county officer and employee except the officers named in KRS 64.535 [county judge/executive, clerk, jailer who operates a full service jail, and sheriff] and the county attorney and jailer.”

Gross wages for each employee should be posted as budgeted to the proper financial statement line item. Monthly payroll reporting should be reconciled to payroll documents to identify differences and ensure accuracy.

We recommend the Jackson County Fiscal Court improve procedures over payroll by ensuring all timesheets are approved by a supervising official, ensuring local occupational taxes are calculated based upon the correct wages, ensuring leave balances are properly maintained, ensuring all employee deductions are adequately supported, and establishing an approved salary schedule fixing the compensation for every county officer and employee. We also recommend that each payroll run be examined to ensure that gross wages have been posted to the ledger properly and that monthly retirement reporting be reconciled to underlying payroll documents to ensure accuracy.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive’s Response: Payroll is now done with both the Treasurer and Finance Officer overseeing the process and being signed off by the judge. Each transaction is recorded and documented after the Treasurer completes payroll by the Finance Officer.

2017-012 The Jackson County Fiscal Court Did Not Maintain Accurate Capital Asset Records Or Properly Insure Assets

This is a repeat finding and was included in the prior year report as finding 2016-029. During the course of the audit, auditors noted the following material differences in fiscal year 2017 of the capital asset schedule (schedule):

- Land and Land Improvements was misstated by \$586,776 due to the cost of a building and land not owned by the county being included in the land category on the schedule.
- Building and Building Improvements was misstated by \$1,738,415, largely due to fiscal year 2016 additions to the Emergency Operations Center building of \$1,697,460 not being included.
- Infrastructure (Black Top) was misstated by \$185,235 due to additions not added to the schedule.
- Vehicles and Equipment was misstated by \$873,893. This misstatement was largely due to fiscal year 2016 additions to the radio tower project that were not added totaling \$642,738 and fiscal year 2017 additions for various items totaling \$295,796.
- Thirty-four assets, totaling \$216,718, had to be removed from the schedule for being below capitalization thresholds.
- Asset retirements totaling \$118,050 were removed from the listing without being tracked.

JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2017
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-012 The Jackson County Fiscal Court Did Not Maintain Accurate Capital Asset Records Or Properly Insure Assets (Continued)

Additionally, the auditor noted two retired assets were not removed from the county's insurance policy, and one asset purchased in the current fiscal year was not added to the county's insurance policy.

The fiscal court lacks sufficient internal control procedures over capital assets. Additionally, staff maintaining the schedule had no prior training regarding capital asset procedures. By not maintaining an accurate schedule, capital assets may not be insured or the county could pay for insurance on assets no longer in use or owned by the county. Capital assets that are not properly insured expose the county to potential loss. Not maintaining an accurate schedule can also lead to over and under valuation of capital assets and an inability to plan for long-term asset replacement.

The Department for Local Government (DLG), under the authority of KRS 68.210, gives the state local finance officer the authority to prescribe a uniform system of accounts. This uniform system of accounts, as outlined in DLG's *County Budget Preparation and State Local Finance Officer Policy Manual*, provides capital asset records are necessary for proper valuation, adequate and accurate insurance coverage, internal control, and long range planning for property replacement. The manual states that capital asset records should include a description of the asset, historical cost, date of acquisition, date of disposal, useful life of the asset, salvage value, depreciation expense, accumulated depreciation, and proceeds from sale or disposal of assets. In addition, the manual states that a capital asset record should be prepared for each acquisition.

We recommend the Jackson County Fiscal Court implement internal control procedures over capital assets and maintain an accurate capital asset listing. Additionally, the fiscal court should ensure all assets are listed on the county's insurance policies and all retired assets are removed from the county's insurance policies.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Treasurer and Finance Officer have been updated on Capital Asset procedures.

2017-013 The Jackson County Jailer Lacks Adequate Internal Controls Over The Jail Commissary Processes

This is a repeat finding of the prior year audit finding 2016-030. The jail bookkeepers are responsible for collecting receipts, preparing deposits, preparing daily checkout sheets, posting to ledgers, and performing bank reconciliations. The bookkeepers are also responsible for purchases, preparing checks, and signing checks. No supervisory review procedures are in place over these processes. The jailer or another employee did not document oversight of bank reconciliations.

The jailer failed to implement adequate internal controls when the commissary was established. This deficiency increases the risk of misappropriation of assets, errors, and inaccurate financial reporting.

The segregation of duties over various accounting functions such as preparing deposits, preparing daily checkout sheets, and issuing cash receipts is essential for providing protection from asset misappropriation and inaccurate financial reporting. Good internal controls further dictate that duties of preparing purchase orders, preparing checks, signing checks, posting to ledgers, and reconciliations of ledgers to bank accounts be segregated. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

**JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2017
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-013 The Jackson County Jailer Lacks Adequate Internal Controls Over The Jail Commissary Processes
(Continued)

We recommend the jailer segregate duties over receipts, bank reconciliations, and disbursements. At a minimum, the jailer should implement compensating controls and supervisory reviews.

Views of Responsible Official and Planned Corrective Action:

Jail Administrator's Response: We will be checking each other's deposits and signing off on them. We will have two people going over orders for commissary before they are placed and signing off on those orders.

County Judge/Executive's Response: Jailer Oversees Commissary Transactions

2017-014 The Jackson County Jailer's Jail Commissary Fund Summary And Reconciliation Was Not Accurate

Auditors noted the following issues with the Jail Commissary Fund Summary And Reconciliation (financial) report:

- The jailer did not submit a financial report to the treasurer, but rather submitted monthly ledgers. Prior year finding 2016-031 previously reported the jailer did not submit a Jail Commissary Fund Summary report for the fiscal year ending June 30, 2016. Although this was not submitted to the treasurer, the financial report was given to auditors.
- Beginning cash balances on the financial report, for both the Profit and Cost Accounts, did not account for prior year outstanding checks that cleared during the year ending June 30, 2017.
- A mathematical error from the jailer's ledgers was carried forward to the Cost Account disbursement total.
- The total disbursement amount for indigent inmates was not included on the Profit Account report.
- The reconciliation to bank balances, for both Profit and Cost Accounts, was not accurate. Rather than subtracting outstanding checks as of June 30, 2017, the outstanding checks were added to the bank balances.

Staff responsible for creating the Jail Commissary Fund Summary did not understand how to properly complete the report. The staff was also unaware that the financial report had to be submitted to the county treasurer. The financial statement was not accurate, and cash balances reported on the financial statements were overstated. Additionally, the county treasurer was not provided a complete report.

Pursuant to KRS 68.210, the state local finance officer established minimum accounting and reporting standards in the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual*. Requirements related to the jail commissary summary and reconciliation state, "[t]he year to date summary section of this report will provide a cash balance at any time during the fiscal year. Information for this section is obtained from totaled categories from the receipt and disbursement journals. A monthly cash balance shall be maintained. The reconciliation section of this report reconciles the bank balance to the cash balance." Further, monthly cash reconciliations are to be maintained, and the year-end report is to be submitted to the county treasurer pursuant to KRS 441.135(2).

**JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2017
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2017-014 The Jackson County Jailer's Jail Commissary Fund Summary And Reconciliation Was Not Accurate (Continued)

We recommend the Jackson County Jailer ensure that an accurate financial statement is maintained and presented to the county treasurer. Monthly cash reconciliations, along with ledgers for receipts and disbursements, should be accurate and maintained as required.

Views of Responsible Official and Planned Corrective Action:

Jail Administrator's Response: We were not aware the report was being filled out incorrectly. We will be taking the appropriate actions to insure the document is filled out correctly.

County Judge/Executive's Response: Commissary Statement and Reconciliations have been corrected along with administration training in the commissary.

2017-015 The Jackson County Fiscal Court Did Not Have A Balanced Budget

The Jackson County Fiscal Court had an unbalanced budget at the end of fiscal year 2017. The original budget and the budget amendments balanced, but the budget transfers did not balance, creating a difference of (\$12,310).

The Jackson County Fiscal Court transferred budget appropriations from fund to fund in an attempt to ensure the county did not expend more than what the budget allowed. At some point, transferred amounts did not balance, and the issue was not identified by staff. This could have also been caused by the same issues identified in finding 2017-001.

This left the fiscal court not compliant with KRS 68.300, which states, "[a]ny appropriation made or claim allowed by the fiscal court in excess of any budget fund, and any warrant or contract not within the budget appropriation, shall be void. No member of the fiscal court shall vote for any such illegal appropriation or claim. The county treasurer shall be liable on his official bond for the amount of any county warrant willfully or negligently signed or countersigned by him in excess of the budget fund out of which the warrant is payable." When a county fails to establish a balanced budget, this could result in funds being spent that are not available, leading to financial strains on the county due to the lack of funds to cover necessary expenditures.

Per KRS 68.220, "[t]he county budget shall provide for all the funds to be expended by the county from current revenue for each fiscal year." In summary, the disbursements estimated for the county should not exceed the estimated receipts the county expects to receive for that fiscal year and should balance by fund.

We recommend the county strengthen management oversight with regard to the budgeting process to ensure a balanced and accurate budget is maintained throughout the fiscal year.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The official did not provide a response.

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**CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

JACKSON COUNTY FISCAL COURT

For The Year Ended June 30, 2017

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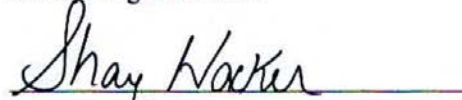
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
JACKSON COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2017

The Jackson County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



County Judge/Executive



County Treasurer