

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

**For The Year Ended
June 30, 2023**



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

Independent Auditor's Report

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Shane Gabbard, Jackson County Judge/Executive
Members of the Jackson County Fiscal Court

Report on the Audit of the Financial Statement

Disclaimer of Opinion

We were engaged to audit the financial activity contained in the Fourth Quarter Financial Statement and Jail Commissary Financial Statement, which collectively comprise the financial statement of the Jackson County Fiscal Court for the year ended June 30, 2023.

We do not express an opinion on the accompanying financial activity contained in the Fourth Quarter Financial Statement and Jail Commissary Financial Statement of the Jackson County Fiscal Court. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial activity.

Basis for Disclaimer of Opinion

The absence of effective internal controls, oversight, and review procedures created an environment in which financial records were inaccurate. Based on these conditions, we determined the risk of material misstatement and fraud risk to be too high and were unable to apply other procedures to mitigate this risk. The significance of these issues, in the aggregate, prevents us from placing reliance on the financial activities contained in the Jackson County Fiscal Court's Fourth Quarter Financial Statement and from expressing an opinion on the financial statement of the Jackson County Fiscal Court.

Responsibilities of Management for the Financial Statement

Jackson County Fiscal Court's management is responsible for the preparation and fair presentation of the 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.



To the People of Kentucky
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Auditor's Responsibilities for the Audit of the Financial Statement

Our responsibility is to conduct an audit of Jackson County Fiscal Court's financial statement in accordance with auditing standards generally accepted in the United States of America and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statement.

We are required to be independent of the Jackson County Fiscal Court and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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:

- 2023-001 The Jackson County Fiscal Court Failed To Implement A Strong Internal Control System
- 2023-002 The Jackson County Fiscal Court Failed To Implement Adequate Internal Controls To Ensure Complete And Accurate Accounting Records Were Maintained
- 2023-003 The Jackson County Fiscal Court Did Not Establish And Maintain Effective Internal Controls Over Financial Reporting Of Federal Awards
- 2023-004 The Jackson County Fiscal Court Lacks Adequate Segregation Of Duties Over Accounting Functions
- 2023-005 The Jackson County Fiscal Court Lacks Proper Controls And Oversight Over Bank Reconciliations
- 2023-006 The Jackson County Fiscal Court Did Not Have Proper Controls Over Cash Transfers
- 2023-007 The Jackson County Fiscal Court Does Not Have Adequate Procedures For Reporting County Liabilities
- 2023-008 The Jackson County Fiscal Court Lacks Internal Controls Over Disbursements
- 2023-009 The Jackson County Fiscal Court Lacks Internal Controls Over Transfer Station Receipts And Deposits
- 2023-010 The Jackson County Fiscal Court Lacks Internal Controls Over Occupational Tax
- 2023-011 The Jackson County Fiscal Court Did Not Have Adequate Controls Over Payroll Processing

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

- 2023-012 The Jackson County Detention Center Did Not Have Strong Internal Controls Over The Accounting Function
- 2023-013 The Jackson County Detention Center Does Not Have Adequate Controls Over The Inmate Account

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

November 15, 2024

JACKSON COUNTY OFFICIALS**For The Year Ended June 30, 2023****Fiscal Court Members:**

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

Other Elected Officials:

Ross Murray	County Attorney
Brian Gabbard	Jailer
Donald Moore	County Clerk
Doris Ward	Circuit Court Clerk
Daniel Isaacs	Sheriff
Bobby Edwards	Property Valuation Administrator
Conley Tyra	Coroner

Appointed Personnel:

Shay Hacker	County Treasurer
Amanda Holt	Chief Financial Officer

**JACKSON COUNTY
FOURTH QUARTER FINANCIAL STATEMENT**

For The Year Ended June 30, 2023

**JACKSON COUNTY
FOURTH QUARTER FINANCIAL STATEMENT**

For The Year Ended June 30, 2023

Summary File Text										
Jackson County Fiscal Court										
County	FYear	FType	Fund	Fund Description	Total Receipts	Total Disburse	Cash Balance	Encumbrances	Unencumbered	
055	2023	4Q	01	General Fund	3,579,356.01	3,550,302.42	29,053.59		29,053.59	
055	2023	4Q	02	Road Fund	1,485,297.43	1,452,991.62	32,305.81		32,305.81	
055	2023	4Q	03	Jail Fund	1,989,556.78	1,998,567.88	-9,011.10		-9,011.10	
055	2023	4Q	04	Local Government Economic Assistance Fund	173,870.46	165,900.61	7,969.85		7,969.85	
055	2023	4Q	06	SPECIAL GRANT ACCOUNT	1,371,190.20	143,942.61	1,227,247.59		1,227,247.59	
055	2023	4Q	08	Disaster Emergency Services Fund	384,180.78	361,437.85	22,742.93		22,742.93	
055	2023	4Q	12	Forest Fire Protection Fund	3,574.31	3,495.00	79.31		79.31	
055	2023	4Q	15	Transfer Station	673,614.05	713,981.10	-40,367.05		-40,367.05	
055	2023	4Q	75	OPIOID SETTLEMENT FUND	47,201.74		47,201.74		47,201.74	
055	2023	4Q	84	AMERICAN RESCUE ACT	1,236,646.04	209,000.00	1,027,646.04		1,027,646.04	
055	2023	4Q	88	CMRS	1,271.19		1,271.19		1,271.19	
					10,945,758.99	8,599,619.09	2,346,139.90		2,346,139.90	

**JACKSON COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2023
(Continued)**

Receipts File Text Jackson County Fiscal Court											
County	FYear	FType	Fund	Major	Sfx	Description	Original Budget	Amendments	Received YTD	Under+/Over-	Received PTD
055	2023	4Q	01	4101		REAL PROPERTY TAX	50,000.00		10,129.70	39,870.30	6,525.25
055	2023	4Q	01	4102		PERSONAL PROPERTY TAX	160,000.00	32,000.00	192,655.23	-655.23	
055	2023	4Q	01	4103		MOTOR VEHICLE PROPERTY TAX	5,000.00		9,000.90	-4,000.90	3,992.32
055	2023	4Q	01	4104		DELINQUENT PROPERTY TAX	8,500.00		11,880.04	-3,380.04	5,879.95
055	2023	4Q	01	4107		UNMIDED MINERALS TAX	100.00			100.00	
055	2023	4Q	01	4120		OTHER AD VALOREM TAX	40,000.00	24,488.84	106,075.01	-41,586.17	31,882.05
055	2023	4Q	01	4130		BANK FRANCHISE TAX	28,000.00	17,455.33	45,455.33		
055	2023	4Q	01	4134		OCCUPATIONAL LICENSE FEE TAX	1,230,000.00	70,000.00	1,500,000.00	-200,000.00	540,000.00
055	2023	4Q	01	4135		DEED TAX	18,000.00		28,485.26	-10,485.26	6,141.75
055	2023	4Q	01	4137		INSURANCE LICENSE FEE	670,000.00		691,234.85	-21,234.85	192,471.47
055	2023	4Q	01	4140		TELEPHONE 911 FEE	112,000.00		121,463.41	-9,463.41	29,641.59
055	2023	4Q	01	4210		IN LIEU PAYMENT	80,000.00		110,596.00	-30,596.00	110,596.00
055	2023	4Q	01	4302		EXCESS FEES - CLERK	70,000.00	31,744.88	101,744.88		
055	2023	4Q	01	4304		COUNTY SHERIFF FEES	2,500.00		2,062.50	437.50	
055	2023	4Q	01	4510		STATE GRANTS	70,000.00		11,900.00	58,100.00	
055	2023	4Q	01	4520		ELECTION EXPENSE REIMBURSEMENT	2,786.00			2,786.00	
055	2023	4Q	01	4522		LEGAL PROCESS TAX	200.00		235.44	-35.44	
055	2023	4Q	01	4532		AOC SPACE RENTAL	140,000.00			140,000.00	
055	2023	4Q	01	4543		MISC PAYMENTS	20,000.00		77,686.90	-57,686.90	3,798.55
055	2023	4Q	01	4602		HB 413 and COURT FACILITY FEES	15,000.00		28,209.75	-13,209.75	11,234.96
055	2023	4Q	01	4604		PARKS AND RECREATION	4,000.00		10,010.45	-6,010.45	5,797.26
055	2023	4Q	01	4699		DOG FEES-CHARGES FOR OTHER SERVICES	300.00		250.00	50.00	150.00
055	2023	4Q	01	4701		VENDING MACHINE COMMISSION	350.00		638.46	-288.46	312.00
055	2023	4Q	01	4727		REIMBURSEMENT	40,000.00		69,761.57	-29,761.57	12,251.36
055	2023	4Q	01	4801		INTEREST	160.00		136.32	23.68	30.87
055	2023	4Q	01	4901		SURPLUS FROM PRIOR YEAR			117,400.15	-117,400.15	
055	2023	4Q	01	4909		TRANSFERS TO OTHER FUNDS	-891,308.04		-788,000.00	-103,308.04	-271,000.00
055	2023	4Q	01	4910		TRANSFER IN	565,381.10		1,120,343.86	-554,962.76	273,980.32
055	2023	4Q	02	4205		NATIONAL FOREST RECEIPTS	10,000.00		106,181.88	-98,181.88	108,181.88
055	2023	4Q	02	4514		FLEX FUNDS-TRANSPORTATION CABINET	204,995.00		194,635.59	10,359.41	
055	2023	4Q	02	4516		TRUCK LICENSE REFUND	223,214.00		257,278.86	-34,064.86	
055	2023	4Q	02	4517		DRIVER'S LICENSE REFUND	1,500.00			1,500.00	
055	2023	4Q	02	4518		COUNTY ROAD AID	1,258,302.78		1,152,284.00	106,018.78	

**JACKSON COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2023
(Continued)**

Receipts File Text											
Jackson County Fiscal Court											
County	FYear	FType	Fund	Major	Sfx	Description	Original Budget	Amendments	Received YTD	Under+/Over-	Received PTD
055	2023	4Q	02	4798		OTHER RECEIPTS	50,000.00		1,257.66	48,742.34	596.98
055	2023	4Q	02	4801		INTEREST EARNED	200.00		242.02	-42.02	20.70
055	2023	4Q	02	4901		PRIOR YEAR SURPLUS			16,417.42	-16,417.42	
055	2023	4Q	02	4903		ADJUSTMENTS TO PRIOR YEAR SURPLUS					
055	2023	4Q	02	4909		TRANSFERS TO OTHER FUNDS	-232,977.58		-300,000.00	67,022.42	-20,000.00
055	2023	4Q	02	4910		TRANSFERS FROM OTHER FUNDS	119,487.70		55,080.00	64,487.70	45,000.00
055	2023	4Q	03	4503		FEDERAL REIMBURSEMENT/REFUND	30,000.00	140,354.34	232,997.46	-62,643.12	50,359.12
055	2023	4Q	03	4514		TRANSPORTATION CABINET AGREEMENT	10,000.00			10,000.00	
055	2023	4Q	03	4533		STATE/JAIL ALLOTMENT	100,000.00		652.13	99,347.87	652.13
055	2023	4Q	03	4535		COURT COST COLLECTION, CIRCUIT CLERK	205.00			205.00	
055	2023	4Q	03	4536		INTERCOUNTY JAIL CONTRACTS	30,000.00		10,668.00	19,332.00	3,416.00
055	2023	4Q	03	4537		STATE PRISONERS	600,000.00	72,177.96	985,926.48	-313,748.52	243,280.56
055	2023	4Q	03	4538		DUI FEES	400.00		1,644.52	-1,244.52	612.53
055	2023	4Q	03	4543		MISCELLANEOUS	8,000.00		13,659.43	-5,659.43	394.49
055	2023	4Q	03	4551		TELEPHONE REIMBURSEMENTS	17,000.00		17,660.55	-660.55	4,870.83
055	2023	4Q	03	4569		LOCAL CORRECTIONS ASSISTANCE	32,000.00	62,419.44	102,357.54	-7,938.10	7,938.10
055	2023	4Q	03	4633		BOOKING FEES	54,000.00			54,000.00	
055	2023	4Q	03	4634		REIMBURSEMENT FROM JAIL	30,000.00		32,438.98	-2,438.98	7,220.39
055	2023	4Q	03	4699		INMATE TRANSPORT FEES	2,000.00		1,747.30	252.70	
055	2023	4Q	03	4701		VENDING COMMISSION	150.00			150.00	
055	2023	4Q	03	4801		INTEREST EARNED	25.00		52.26	-27.26	9.00
055	2023	4Q	03	4901		SURPLUS FROM PRIOR YEARS			-15,364.30	15,364.30	
055	2023	4Q	03	4903		ADJUSTMENTS TO PRIOR YEAR SURPLUS					
055	2023	4Q	03	4909		TRANSFERS TO OTHER FUNDS			-25,625.00	25,625.00	-25,625.00
055	2023	4Q	03	4910		TRANSFERS FROM OTHER FUNDS	748,165.06		630,741.43	117,423.63	202,988.56
055	2023	4Q	04	4528		LGEA-COAL IMPACT					
055	2023	4Q	04	4529		MINERALS SEVERANCE TAX	64,578.00	53,000.00	118,214.67	-636.67	18,675.85
055	2023	4Q	04	4801		INTEREST	30.00		50.63	-20.63	15.68
055	2023	4Q	04	4901		SURPLUS FROM PRIOR YEAR	5,000.00		15,605.16	-10,605.16	
055	2023	4Q	04	4909		TRANSFERS TO OTHER FUNDS					
055	2023	4Q	04	4910		TRANSFERS FROM OTHER FUNDS			40,000.00	-40,000.00	
055	2023	4Q	06	4504		CDBG	1,000.00		121,909.39	-120,909.39	9,988.56
055	2023	4Q	06	4510		STATE GRANTS	209,568.24	1,278,856.88	1,492,425.12	-4,000.00	4,000.00

**JACKSON COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2023
(Continued)**

Receipts File Text											
Jackson County Fiscal Court											
County	FYear	FType	Fund	Major	Sfx	Description	Original Budget	Amendments	Received YTD	Under+/Over-	Received PTD
055	2023	4Q	06	4901		PRIOR YEAR SURPLUS			17,226.85	-17,226.85	
055	2023	4Q	06	4909		TRANSFER OUT	-210,568.24		-323,996.16	113,427.92	-9,988.56
055	2023	4Q	06	4910		TRANSFER IN			63,625.00	-63,625.00	25,625.00
055	2023	4Q	08	4542		CSEPP/EM GRANT	204,180.00		242,805.50	-38,625.50	181,430.66
055	2023	4Q	08	4901		PRIOR YR CARRYOVER			174,770.09	-174,770.09	
055	2023	4Q	08	4909		TRANSFER TO GENERAL FUND	-48,180.00		-50,394.81	2,214.81	-33,186.00
055	2023	4Q	08	4910		TRANSFER FROM OTHER FUNDS			17,000.00	-17,000.00	
055	2023	4Q	12	4101		REAL PROPERTY	3,400.00		2,324.23	1,075.77	321.40
055	2023	4Q	12	4801		INTEREST	2.00		3.17	-1.17	0.70
055	2023	4Q	12	4901		PRIOR YR CARRYOVER	25.00		1,246.91	-1,221.91	
055	2023	4Q	12	4909		TRANSFER OUT					
055	2023	4Q	12	4910		TRANSFER IN					
055	2023	4Q	15	4510		STATE GRANTS	29,000.00			29,000.00	
055	2023	4Q	15	4603		TIPPING FEE	300,000.00	118,815.93	540,730.35	-121,914.42	198,982.70
055	2023	4Q	15	4801		INTEREST	12.00		17.47	-5.47	4.36
055	2023	4Q	15	4901		PRIOR YR. CARRYOVER	500.00		6,866.23	-6,366.23	
055	2023	4Q	15	4909		TRANSFER OUT					
055	2023	4Q	15	4910		TRANSFER FROM OTHER FUNDS	100,000.00		126,000.00	-26,000.00	33,000.00
055	2023	4Q	75	4760		OPIOID SETTLEMENT	89,201.74	89,201.74	89,201.74	89,201.74	
055	2023	4Q	75	4909		TRANSFERS OUT TO OTHER FUNDS			-42,000.00	42,000.00	
055	2023	4Q	84	4503		FEDERAL REIMBURSEMENT REFUND	1,294,501.00		1,533,465.04	-238,964.04	
055	2023	4Q	84	4901		PRIOR YEAR SURPLUS			1,141.00	-1,141.00	
055	2023	4Q	84	4909		TRANSFERS OUT TO OTHER FUNDS*			-297,960.00	297,960.00	-106,560.00
055	2023	4Q	84	4910		TRANSFERS IN FROM OTHER FUNDS					
055	2023	4Q	88	4562		CMRS WIRELESS RECEIPT	150,000.00	74,000.00	224,106.03	-106.03	114,234.70
055	2023	4Q	88	4901		SURPLUS OF PRIOR YEAR			1,899.48	-1,899.48	
055	2023	4Q	88	4909		TRANSFER TO OTHER FUNDS	-150,000.00		-224,734.32	74,734.32	-114,234.32
055	2023	4Q	88	4910		TRANSFER FROM OTHER FUNDS					
							7,779,885.76	2,064,515.34	10,345,758.89	-1,101,357.89	1,815,912.70

**JACKSON COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2023
(Continued)**

Disbursements File Text													
Jackson County Fiscal Court													
County	FYear	FType	Fund	Major	Minor	Sfx	Description	Orig. Budget	Amendments	Transfers	Tot. Avail.	Claims Paid	Free Bal.
055	2023	4Q	01	5001	101		COUNTY JUDGE/EXEC SALARY CRA	98,255.06		7,000.00	105,255.06	104,528.71	726.35
055	2023	4Q	01	5001	212		COUNTY JUDGE EXEC TRAINING FRINGE BEN	4,372.96		700.00	5,072.96	5,063.24	9.72
055	2023	4Q	01	5001	399		OTHER FEES	3,000.00		24,200.00	27,200.00	27,190.43	9.57
055	2023	4Q	01	5001	445		OFFICE SUPPLIES	2,000.00		(1,900.00)	100.00		100.00
055	2023	4Q	01	5001	551		MEMBERSHIPS	5,000.00		3,560.00	8,560.00	8,553.68	6.32
055	2023	4Q	01	5001	576		TRAVEL COUNTY JUDGE EXECUTIVE	2,000.00		1,450.00	3,450.00	3,442.25	7.75
055	2023	4Q	01	5005	101		COUNTY ATTORNEY SALARY	10,570.00		1.00	10,571.00	10,570.56	0.44
055	2023	4Q	01	5005	105		COUNTY ATTORNEY ASSISTANT SALARY	9,370.00			9,370.00	9,190.46	179.54
055	2023	4Q	01	5010	212		CLERKS TRAINING FRINGE BENEFITS	4,372.96		650.00	5,022.96	4,983.24	39.72
055	2023	4Q	01	5010	368		TAX BILLS PREPARATIONS	4,000.00		2,900.00	6,900.00	6,480.04	419.96
055	2023	4Q	01	5010	398		REAL ESTATE CONVEYANCES	100.00			100.00		100.00
055	2023	4Q	01	5015	103		SHERIFF DEPUTIES	42,000.00		17,500.00	59,500.00	58,531.52	968.48
055	2023	4Q	01	5015	106		SHERIFF OFFICE STAFF	34,112.00		(1,400.00)	32,712.00	32,644.04	67.96
055	2023	4Q	01	5015	212		SHERIFF TRAINING FRINGE BENEFITS	4,300.00		400.00	4,700.00	4,679.08	20.92
055	2023	4Q	01	5015	435		SHERIFF DEPARTMENT EXPENSES	40,000.00		4,900.00	44,900.00	44,839.68	60.32
055	2023	4Q	01	5020	101		CORONER	9,000.00			9,000.00	8,925.48	74.52
055	2023	4Q	01	5020	103		DEPUTIES OF CORONER	13,500.00			13,500.00	12,644.26	855.74
055	2023	4Q	01	5020	446		CORONER MATERIALS AND SUPPLIES	2,000.00			2,000.00		2,000.00
055	2023	4Q	01	5025	101		CO. MAGISTRATES SALARIES	99,864.24			99,864.24	99,864.18	0.06
055	2023	4Q	01	5025	167		FISCAL COURT CLERK SALARY	1,500.00			1,500.00		1,500.00
055	2023	4Q	01	5025	210		MAGISTRATES EXPENSE ALLOWANCE	7,200.00		(5,000.00)	2,200.00		2,200.00
055	2023	4Q	01	5025	212		MAGISTRATES TRAINING	8,500.00		3,800.00	12,300.00	12,166.48	133.52
055	2023	4Q	01	5030	367		P.V.A. STATUTORY CONTRIBUTION	15,230.00		1,700.00	16,930.00	16,926.00	4.00
055	2023	4Q	01	5035	191		BOARD OF ASSESSMENT APPEALS	800.00			800.00	400.00	400.00
055	2023	4Q	01	5040	102		COUNTY TREASURER - SALARY	50,000.00			50,000.00	49,940.80	59.20
055	2023	4Q	01	5040	104		FINANCE OFFICER	4,000.00			4,000.00	3,999.84	0.16
055	2023	4Q	01	5040	106		COUNTY TREASURER/JUDGES STAFF	41,700.00			41,700.00	41,537.60	162.40
055	2023	4Q	01	5040	445		CO. TREASURER, OFFICE SUPPLIES	3,000.00		18,310.00	21,310.00	20,982.72	327.28
055	2023	4Q	01	5047	107		TAX ADMINISTRATOR	33,900.00			33,900.00	33,845.76	54.24
055	2023	4Q	01	5047	445		OFFICE MATERIALS & SUPPLIES	1,000.00		512.00	1,512.00	1,511.80	0.20
055	2023	4Q	01	5060	101		LAW LIBRARIAN - SALARY	600.00			600.00		600.00
055	2023	4Q	01	5065	192		ELECTION OFFICERS SALARIES/MILEAGE	10,000.00		6,800.00	16,800.00	16,775.00	25.00
055	2023	4Q	01	5065	193		ELECTION COMMISSIONERS SALARIES	5,000.00		4,650.00	9,650.00	9,625.00	25.00

**JACKSON COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2023
(Continued)**

Disbursements File Text Jackson County Fiscal Court													
County	FYear	FType	Fund	Major	Minor	Sfx	Description	Orig. Budget	Amendments	Transfers	Tot. Avail.	Claims Paid	Free Bal.
055	2023	4Q	01	5065	302		ELECTION ADVERTISING	2,000.00			2,000.00		2,000.00
055	2023	4Q	01	5065	364		SETTING VOTING MACHINES	15,000.00		93,450.00	108,450.00	108,346.71	103.29
055	2023	4Q	01	5075	553		CVADD MEMBERSHIP	3,609.00			3,609.00		3,609.00
055	2023	4Q	01	5075	578		REGIONAL FOOD CENTER	5,000.00		1,700.00	6,700.00	6,671.03	28.97
055	2023	4Q	01	5076	902		INDUSTRIAL DEVELOPMENT AUTHORITY	3,400.00			3,400.00	2,924.00	476.00
055	2023	4Q	01	5080	175		JANITORIAL SERVICES SALARY	25,923.04		4,000.00	29,923.04	28,350.40	1,572.64
055	2023	4Q	01	5080	411		CUSTODIAL SUPPLIES	12,000.00		1,000.00	13,000.00	4,417.41	8,582.59
055	2023	4Q	01	5080	571		COURTHOUSE RENEWALS & REPAIRS	42,900.00		52,100.00	95,000.00	94,777.14	222.86
055	2023	4Q	01	5080	578		COURTHOUSE UTILITIES	97,298.40		105,000.00	202,298.40	201,194.45	1,103.95
055	2023	4Q	01	5085	185		JUDICIAL CENTER SALARIES	115,900.00		(23,900.00)	92,000.00	91,959.95	40.05
055	2023	4Q	01	5085	411		JUDICIAL CENTER CUSTODIAL SUPPLIES	10,000.00		3,100.00	13,100.00	13,060.43	39.57
055	2023	4Q	01	5085	571		JUDICIAL CENTER RENEWALS & REPAIRS	20,000.00		40,400.00	60,400.00	60,159.80	240.20
055	2023	4Q	01	5085	578		JUDICIAL CENTER UTILITIES	45,000.00		21,000.00	66,000.00	65,815.61	184.39
055	2023	4Q	01	5110	101		CONSTABLES	18,000.00			18,000.00	18,000.00	
055	2023	4Q	01	5135	107		EM DIRECTOR	54,600.00			54,600.00	52,499.20	2,100.80
055	2023	4Q	01	5135	159		DISPATCHERS	150,205.68		4,000.00	154,205.68	153,823.70	381.98
055	2023	4Q	01	5145	107		911 DIRECTOR	43,800.00		59,500.00	103,300.00	103,141.90	158.10
055	2023	4Q	01	5145	322		EM COUNTY SHARE	1,100.00			1,100.00		1,100.00
055	2023	4Q	01	5145	420		911 DISPATCHING SUPPLIES AND SERVICE	102,000.00	73,689.05	71,300.00	246,989.05	229,390.51	17,598.54
055	2023	4Q	01	5205	102		DOG WARDEN	9,853.00		10.00	9,863.00	9,859.72	3.28
055	2023	4Q	01	5205	384		SPAY AND NEUTER	2,000.00		10,700.00	12,700.00	12,644.24	55.76
055	2023	4Q	01	5205	403		DOG CONTROL SUPPLIES AND FEES	8,000.00		9,600.00	17,600.00	17,419.82	180.18
055	2023	4Q	01	5401	107		SEASONAL HELP	18,000.00		10,200.00	28,200.00	28,178.16	21.84
055	2023	4Q	01	5401	467		PARKS AND RECREATION	18,000.00		308,159.00	326,159.00	325,970.34	188.66
055	2023	4Q	01	5420	548		TOURISM/JACKSON CO FAIR	8,000.00		34,050.00	42,050.00	42,011.50	38.50
055	2023	4Q	01	7700	602		PRINCIPLE ON LEASE	147,083.38		500.00	147,583.38	147,499.96	83.42
055	2023	4Q	01	7700	606		INTEREST ON LEASE	71,639.26		8,000.00	79,639.26	79,621.60	17.66
055	2023	4Q	01	8011	566		STATE GRANTS	10,000.00		(9,800.00)	200.00	40.00	160.00
055	2023	4Q	01	9100	302		GENERAL SERVICE ADVERTISING	10,000.00		30,080.00	40,080.00	39,911.60	168.40
055	2023	4Q	01	9100	307		STATE AUDITING SERVICES	51,530.08		(5,400.00)	46,130.08	46,094.58	35.50
055	2023	4Q	01	9100	503		BANK CHARGES	80.00			80.00		80.00
055	2023	4Q	01	9100	521		INSURANCE	175,000.00	70,000.00	(53,000.00)	192,000.00	191,214.72	785.28
055	2023	4Q	01	9100	531		BONDS INSURANCE	5,000.00		3,300.00	8,300.00	8,057.46	242.54

**JACKSON COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2023
(Continued)**

Disbursements File Text Jackson County Fiscal Court													
County	FYear	FType	Fund	Major	Minor	Six	Description	Orig. Budget	Amendments	Transfers	Tot. Avail.	Claims Paid	Free Bal.
055	2023	4Q	01	9100	555		KACO DUES	800.00			800.00		800.00
055	2023	4Q	01	9200	999		RESERVE FOR TRANSFERS	1,000.00		67,000.00	68,000.00	67,511.26	488.74
055	2023	4Q	01	9300	999		BUDGET APPROPRIATION TO OTHER FUND	1,000.00		(900.00)	100.00		100.00
055	2023	4Q	01	9400	201		SOCIAL SECURITY			122.00	122.00	111.60	10.40
055	2023	4Q	01	9400	202		RETIREMENT, CO. MATCH	365,000.00	32,000.00	28,500.00	425,500.00	421,355.34	4,144.66
055	2023	4Q	01	9400	205		EMPLOYEE HEALTH INSURANCE	100,000.00		(26,000.00)	74,000.00	73,442.20	557.80
055	2023	4Q	01	9400	208		UNEMPLOYMENT COMPENSATION INSURANC	12,000.00		(3,200.00)	8,800.00	8,753.29	46.71
055	2023	4Q	01	9400	209		WORKMAN'S COMPENSATION	70,000.00		52,441.00	122,441.00	122,440.00	1.00
055	2023	4Q	01	9400	211		MEDICARE MATCH	19,000.00		4,900.00	23,900.00	23,790.94	109.06
055	2023	4Q	02	5025	210		MAGISTRATES EXPENSE	7,200.00		50.00	7,250.00	7,200.00	50.00
055	2023	4Q	02	6100	481		UNIFORMS	11,000.00		(1,000.00)	10,000.00	8,098.87	1,901.13
055	2023	4Q	02	6103	102		ROAD SUPERVISOR SALARY	44,283.40		1,200.00	45,483.40	45,276.55	206.85
055	2023	4Q	02	6103	578		UTILITIES	6,000.00		6,200.00	12,200.00	12,066.56	133.44
055	2023	4Q	02	6105	143		ROAD WORKERS SALARIES	407,562.47		(79,720.00)	327,842.47	322,589.11	5,253.36
055	2023	4Q	02	6105	310		CONTRACTED CONSTRUCTION OF BRIDGES	10,000.00		21,000.00	31,000.00	30,271.58	728.42
055	2023	4Q	02	6105	336		EQUIPMENT MAINTENANCE	300,000.00		(46,000.00)	254,000.00	253,460.19	539.81
055	2023	4Q	02	6105	405		ASPHALT PATCHING	392,901.33		(30,000.00)	362,901.33	360,573.43	2,327.90
055	2023	4Q	02	6105	447		ROAD MATERIALS	266,534.70		(25,000.00)	241,534.70	235,786.93	5,747.77
055	2023	4Q	02	7700	602		PRINCIPAL ON LEASE	45,000.00			45,000.00	45,000.00	
055	2023	4Q	02	7700	606		INTEREST ON LEASE	16,280.00		1,500.00	17,780.00	17,486.22	293.78
055	2023	4Q	02	9100	521		INSURANCE	1,000.00			1,000.00	100.00	900.00
055	2023	4Q	02	9200	999		RESERVE FOR TRANSFERS	1,000.00		(1,000.00)			
055	2023	4Q	02	9400	202		RETIREMENT, COUNTY MATCH	92,000.00			92,000.00	88,545.87	3,454.13
055	2023	4Q	02	9400	205		EMPLOYEE HEALTH INSURANCE	18,000.00		3,400.00	21,400.00	21,236.68	163.32
055	2023	4Q	02	9400	208		UNEMPLOYMENT	1,000.00		(1,000.00)			
055	2023	4Q	02	9400	209		WORKERS' COMPENSATION	3,960.00			3,960.00		3,960.00
055	2023	4Q	02	9400	211		MEDICARE TAX	6,000.00			6,000.00	5,299.63	700.37
055	2023	4Q	02	9500	902		SCHOOL DIST TIMBER SALES	5,000.00		(4,000.00)	1,000.00		1,000.00
055	2023	4Q	03	5101	101		JAILERS SALARY	98,255.06		3,500.00	101,755.06	101,425.87	329.19
055	2023	4Q	03	5101	103		JAIL PERSONNEL SALARIES	630,000.00	274,951.74	61,000.00	965,951.74	873,245.79	92,705.95
055	2023	4Q	03	5101	179		PART TIME HELP	50,000.00		28,300.00	78,300.00	74,167.88	4,132.12
055	2023	4Q	03	5101	212		JAILERS TRAINING FRINGE BEN	6,400.00		600.00	7,000.00	6,986.56	13.44
055	2023	4Q	03	5101	343		CONTRACTUAL MEDICAL SERVICES	220,000.00		10,900.00	230,900.00	230,118.23	781.77

**JACKSON COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2023
(Continued)**

Disbursements File Text													
Jackson County Fiscal Court													
County	FYear	FType	Fund	Major	Minor	Sfx	Description	Orig. Budget	Amendments	Transfers	Tot. Avail.	Claims Paid	Free Bal.
055	2023	4Q	03	5101	366		TRASH	1,000.00		(450.00)	550.00	394.20	155.80
055	2023	4Q	03	5101	398		CONTRACTED SERVICES	5,000.00		3,600.00	8,600.00	8,574.20	25.80
055	2023	4Q	03	5101	399		MISCELLANEOUS CONTRACTUAL SERVICES	2,500.00		1,700.00	4,200.00	4,138.11	61.89
055	2023	4Q	03	5101	406		BUILDING MAINTENANCE SUPPLIES	10,000.00		12,200.00	22,200.00	22,117.48	82.52
055	2023	4Q	03	5101	411		CUSTODIAL SUPPLIES	5,000.00		17,700.00	22,700.00	22,228.28	471.72
055	2023	4Q	03	5101	417		SUPPLIES	30,000.00			30,000.00	21,031.11	8,968.89
055	2023	4Q	03	5101	425		FOOD	222,000.00		2,100.00	224,100.00	223,657.81	442.19
055	2023	4Q	03	5101	437		LINENS	5,000.00		(4,000.00)	1,000.00		1,000.00
055	2023	4Q	03	5101	443		JAIL MOTOR VEHICLE PARTS	3,000.00		7,400.00	10,400.00	10,361.18	38.82
055	2023	4Q	03	5101	445		OFFICE SUPPLIES	12,000.00			12,000.00	9,250.90	2,749.10
055	2023	4Q	03	5101	481		STAFF UNIFORMS	2,000.00		12,100.00	14,100.00	14,069.78	30.22
055	2023	4Q	03	5101	551		MEMBERSHIPS	1,000.00		1,400.00	2,400.00	2,375.00	25.00
055	2023	4Q	03	5101	569		REG. CONF. & TRAINING	1,000.00		1,500.00	2,500.00	2,237.21	262.79
055	2023	4Q	03	5101	573		TELEPHONE	3,500.00			3,500.00		3,500.00
055	2023	4Q	03	5101	578		UTILITIES	100,000.00		3,500.00	103,500.00	103,337.67	162.33
055	2023	4Q	03	5102	314		JUVENILE, CONTRACTS WITH OTHER COUNT	200.00			200.00		200.00
055	2023	4Q	03	9100	365		SECURITY SERVICES	1,500.00		8,500.00	10,000.00	8,965.00	1,035.00
055	2023	4Q	03	9100	525		INSURANCE, BUILDINGS	1,000.00		(900.00)	100.00		100.00
055	2023	4Q	03	9100	531		BONDS	1,000.00			1,000.00		1,000.00
055	2023	4Q	03	9200	999		RESERVE FOR TRANSFER	5,000.00		(4,500.00)	500.00		500.00
055	2023	4Q	03	9400	201		SOCIAL SECURITY			50.00	50.00	104.16	(54.16)
055	2023	4Q	03	9400	202		RETIREMENT, COUNTY SHARE	203,390.00		5,200.00	208,590.00	208,509.87	80.13
055	2023	4Q	03	9400	205		HEALTH INSURANCE	30,000.00		4,400.00	34,400.00	34,278.11	121.89
055	2023	4Q	03	9400	208		UNEMPLOYMENT	1,000.00			1,000.00		1,000.00
055	2023	4Q	03	9400	209		WORKERS COMPENSATION	200.00		1,800.00	2,000.00	1,932.00	68.00
055	2023	4Q	03	9400	211		MEDICARE MATCH	11,000.00		4,700.00	15,700.00	15,061.48	638.52
055	2023	4Q	04	5120	348		FIRE DEPARTMENTS	7,500.00		12,600.00	20,100.00	20,000.00	100.00
055	2023	4Q	04	5175	903		MANDATED PROGRAM SUPPORT	14,508.00	53,000.00	58,700.00	126,208.00	126,100.61	107.39
055	2023	4Q	04	5211			SOLID WASTE TRANSFER	5,000.00		(4,000.00)	1,000.00		1,000.00
055	2023	4Q	04	5305	314		SENIOR CITIZENS	21,600.00		(1,700.00)	19,900.00	19,800.00	100.00
055	2023	4Q	04	6105	143		ROAD WORKERS						
055	2023	4Q	04	6105	447		COAL HAUL ROADS						
055	2023	4Q	04	6106			LGEA ROAD MAINTENANCE	20,000.00		(19,000.00)	1,000.00		1,000.00

**JACKSON COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2023
(Continued)**

Disbursements File Text													
Jackson County Fiscal Court													
County	FYear	FType	Fund	Major	Minor	Sfx	Description	Orig. Budget	Amendments	Transfers	Tot. Avail.	Claims Paid	Free Bal.
055	2023	4Q	04	9200	999		RESERVE FOR TRANSFER	1,000.00		(1,000.00)			
055	2023	4Q	04	9400	201		SOCIAL SECURITY						
055	2023	4Q	04	9400	202		RETIREMENT						
055	2023	4Q	04	9400	211		MEDICARE MATCH						
055	2023	4Q	06	8099	548		OTHER CAPITAL PROJECTS		1,278,856.88	(309,217.00)	969,639.88	143,942.61	825,697.27
055	2023	4Q	08	5135	420		CSEPP/DES EXPENSES	118,646.00		210,050.00	328,696.00	328,641.75	54.25
055	2023	4Q	08	5135	573		CSEPP/EM TELEPHONE COST	21,854.00		(2,000.00)	19,854.00	19,217.91	636.09
055	2023	4Q	08	5135	581		CSEPP/EM WATER	1,500.00		(800.00)	700.00	524.96	175.04
055	2023	4Q	08	5135	582		CSEPP/EM ELECTRIC	14,000.00			14,000.00	13,053.23	946.77
055	2023	4Q	12	5150	902		FORESTRY PAYMENTS	3,427.00		70.00	3,497.00	3,495.00	2.00
055	2023	4Q	15	5085	578		TRANSFER STATION UTILITIES	10,000.00			10,000.00	1,379.79	8,620.21
055	2023	4Q	15	5210	161		SALARIES	125,000.00	118,815.93	(1,100.00)	242,715.93	240,138.23	2,577.70
055	2023	4Q	15	5210	366		TIPPING FEE	174,512.30		(15,000.00)	159,512.30	159,450.62	61.68
055	2023	4Q	15	5210	399		TRANSPORTATION COST	10,000.00		9,500.00	19,500.00	19,127.24	372.76
055	2023	4Q	15	5211	446		MATERIAL & SUPPLIES	37,999.70		87,800.00	125,799.70	125,728.70	71.00
055	2023	4Q	15	5212	185		TRASH CONTROL	5,000.00		71,800.00	76,800.00	76,710.17	89.83
055	2023	4Q	15	5212	468		LITTER ABATEMENT CLEANUP	30,000.00			30,000.00	28,593.75	1,406.25
055	2023	4Q	15	5217	468		RECYCLING	5,000.00		(4,900.00)	100.00		100.00
055	2023	4Q	15	9400	201		SOCIAL SECURITY			152.00	152.00	151.53	0.47
055	2023	4Q	15	9400	202		MATCH RETIREMENT	30,000.00		29,000.00	59,000.00	58,970.48	29.52
055	2023	4Q	15	9400	205		INSURANCE			160.00	160.00	151.84	8.16
055	2023	4Q	15	9400	211		MATCH MEDICARE	2,000.00		1,650.00	3,650.00	3,578.75	71.25
055	2023	4Q	75	9300	999		OPIOID SETTLEMENT RESERVE TRANSFER	(89,201.74)	89,201.74				
055	2023	4Q	84	8099	548		CAPITAL PROJECTS	1,294,501.00		(1,083,340.00)	211,161.00	209,000.00	2,161.00
055	2023	4Q	88	5135	106		DISPATCHERS		74,000.00	(60,000.00)	14,000.00		14,000.00
055	2023	4Q	88	5140	303		AMBULANCE SERVICE						
055	2023	4Q	88	5145	741		CMRS EQUIPMENT AND SUPPLIES						
								7,601,482.28	2,064,515.34		9,665,997.62	8,599,619.09	1,066,378.53

**JACKSON COUNTY
FOURTH QUARTER FINANCIAL STATEMENT
For The Year Ended June 30, 2023
(Continued)**

Long-Term Liabilities File Text															
Jackson County Fiscal Court															
County	Fund	Principal / Interest			Term	Rate	Issued	NextPmt	FinalPmt	Principal	Interest	Total Issue	Prin. Bal.	Int. Bal.	Total Bal.
Year	FType	Major	Minor	Suffix	Description										Reserve
055	01	7700	602		28		20111201	20230401	20390630	3,330,000.00	823,644.15	4,153,644.15	2,837,314.86	614,961.40	3,452,276.26
2023	4Q	7700	606		Jackson County Detention Center										
055	01	7700	602		12	2	20151029	20200101	20190101	7,360,000.00	1,472,000.00	8,832,000.00	3,900,000.00	1,071,587.48	4,971,587.48
2023	4Q	7700	606		Jackson Co Public Properties Corp Runding Rev Bond										
055	02	7700	602		6.3	3.31	20181115	20230420	20281228	470,000.00	140,263.60	610,263.60	287,500.08	44,763.35	332,263.43
2023	4Q	7700	606		KACO ROAD PROJECTS										
										11,160,000.00	2,435,907.75	13,595,907.75	7,024,814.94	1,731,312.23	8,756,127.17

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**JACKSON COUNTY
JAIL COMMISSARY FINANCIAL STATEMENT**

For The Year Ended June 30, 2023

**JACKSON COUNTY
JAIL COMMISSARY FINANCIAL STATEMENT**

For The Year Ended June 30, 2023

County Budget Preparation and State Local Finance Officer Policy Manual

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JAIL COMMISSARY FUND SUMMARY AND RECONCILIATION

Jackson County Fiscal Court - Detention Center Income Sales
Year To Date Summary

A. Cash Balance - July 1, 2022 \$ 199,530.80

Plus receipts for fiscal year:

Inmate Pay State	_____
Inmate Account	_____
Sales Vending Machine	_____
Sales Commissary → Deposits →	<u>330,221.86</u>
Other Receipts <i>Chimp labor depots</i> →	<u>12,841.40</u>

B. Total Receipts \$ 343,063.32

C. Total Funds Available (A + B) \$ 542,594.12

Less Expenditure for Fiscal Year:

<i>work release</i>	<u>55,792.96</u>
<i>payroll</i>	<u>14,876.80</u>
Entertainment Expense	<u>4,343.25</u>
<i>Ged / mrt</i>	<u>26,190.00</u>
Other Expenses / misc.	<u>36,813.34</u>
<i>Commissary</i>	<u>180,628.61</u>

D. Total Expenditures \$ 312,674.96

E. Cash Balance as of June 30 2023 (D) \$ 229,919.16

RECONCILIATION

F. Bank Balance 230,305.32

G. Plus Deposits in Transit 0

H. Less Checks Outstanding - 386.16

I. Other: _____ _____

J. Reconciled Bank Balance As Of: June 30th 2023 \$ 229,919.16
 (Sum of F through I) _____



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

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

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

We were engaged to audit, 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 Fourth Quarter Financial Statement and Jail Commissary Financial Statement of the Jackson County Fiscal Court for the fiscal year ended June 30, 2023, which collectively comprise the Jackson County Fiscal Court's financial statement and have issued our report thereon dated November 15, 2024. Our report disclaims an opinion on such financial statements because of the absence of effective internal controls, oversight, and review procedures created an environment in which financial records were inaccurate.

Internal Control Over Financial Reporting

In connection with our engagement to audit the financial statement, we considered the Jackson County Fiscal Court's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the 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 have not been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2023-001, 2023-002, 2023-003, 2023-004, 2023-005, 2023-006, 2023-007, 2023-008, 2023-009, 2023-0010, 2023-011, 2023-012, and 2023-013 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)

Compliance And Other Matters

In connection with our engagement to audit the financial statement of the Jackson County Fiscal Court, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and as items 2023-001, 2023-002, 2023-003, 2023-005, 2023-006, 2023-007, 2023-008, 2023-009, 2023-010, 2023-011, 2023-012, and 2023-013. Additionally, if the scope of our work had been sufficient to enable us to express an opinion on the financial statement, other instances of noncompliance or other matters may have been identified and reported herein.

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,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

November 15, 2024

**JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2023

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**JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES**

For The Year Ended June 30, 2023

FINANCIAL STATEMENT FINDINGS:

2023-001 The Jackson County Fiscal Court Failed To Implement A Strong Internal Control System

This is a repeat finding and was included in the prior year audit report as finding 2022-001. The Jackson County Fiscal Court failed to implement a strong internal control system, which allowed an ineffective control environment, inadequate management oversight over financial records, a lack of knowledgeable employees available to provide records to auditors, and a material amount of expenditures not being supported with adequate documentation. The following issues were noted:

- The Jackson County Fiscal Court failed to implement adequate internal controls to ensure complete and accurate accounting records were maintained as reported in finding 2023-002.
- The Jackson County Fiscal Court did not establish and maintain effective internal controls over financial reporting of federal awards as reported in finding 2023-003.
- The Jackson County Fiscal Court lacks proper controls and oversight over bank reconciliations as reported in finding 2023-005.
- The Jackson County Fiscal Court did not have adequate controls over cash transfers between funds as reported in finding 2023-006.
- The Jackson County Fiscal Court does not have adequate procedures for reporting county liabilities as reported in finding 2023-007.
- The Jackson County Fiscal Court did not have strong internal controls over handling of disbursements as reported in finding 2023-008.
- The Jackson County Fiscal Court lacks internal controls over transfer station receipts and deposits as reported in finding 2023-009.
- The Jackson County Fiscal Court lacks internal controls over occupational tax as reported in finding 2023-010.
- The Jackson County Fiscal Court did not have adequate controls over payroll processing as reported in finding 2023-011.

Due to an ineffective control environment and the risk of material errors due to a lack of strong internal controls over the financial reporting process, we cannot overcome the risks with additional audit procedures; therefore, we are unable to provide the fiscal court with an opinion on whether the financial statement is free from material misstatement. A disclaimer of opinion will be issued.

The fiscal court failed to adequately establish a strong internal control system. Furthermore, management failed to provide adequate oversight regarding maintaining financial records, preparation of financial reports, and payroll.

The lack of an adequate control system resulted in financial records not being properly maintained, which results in increased risk of misappropriation of county assets and material misstatements on the financial statements occurring. When financial records are not properly accounted for and are not reconciled to actual bank activity, the risk of material misstatement due to errors or fraud increases substantially.

Proper accounting procedures and internal controls require the financial statement be supported with accurate underlying accounting records such as bank reconciliations and receipt and disbursement ledgers. To ensure adequate oversight, the financial statement should be submitted to the fiscal court for review. Strong internal controls over financial reporting are vital in ensuring the fiscal court's financial statement accurately reflects the financial activity of the fiscal court.

**JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2023
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-001 The Jackson County Fiscal Court Failed To Implement A Strong Internal Control System
(Continued)

These controls should include an individual independent of the day-to-day accounting function reviewing the financial statements for accuracy and compliance with the Kentucky Department for Local Government's (DLG's) reporting requirements. KRS 68.020(4) states the county treasurer, "shall keep an accurate detailed account of all money received and disbursed by him for the county and shall keep books of accounts of the financial transactions of the county in the manner required by the uniform system of accounting prescribed by the state local finance officer." KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The uniform system of accounts is set forth in DLG's *County Budget Preparation and State Local Finance Officer Policy Manual* which details the minimum requirements for all local government officials and employees with regards to handling public funds.

We recommend the Jackson County Fiscal Court implement internal controls and management oversight over the financial reporting process. By implementing these procedures, the fiscal court can strengthen its internal control system, ensure accurate financial reporting, and deter misappropriation of assets. This finding will be referred to DLG.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Jackson County has a limited amount of tax revenue which only allows for a limited amount of staff. We will utilize what staff we have by letting them observe each other's work and double check for errors.

2023-002 The Jackson County Fiscal Court Failed To Implement Adequate Internal Controls To Ensure Complete And Accurate Accounting Records Were Maintained

This is a repeat finding and was included in the prior year audit report as finding 2022-002. The Jackson County Fiscal Court's annual financial statements contained the following errors:

- The annual treasurer's financial settlement submitted to the fiscal court did not include a complete listing of disbursements for each vendor.
- The General Fund was misstated by \$5,056 due to the balance of a certificate of deposit being omitted from the final balance reported on the financial statements.
- The Jail Fund and the Transfer Station Fund had negative reconciled fund balances of \$9,011 in the Jail Fund and \$40,367 in the Transfer Station Fund.
- General Fund and Jail Fund receipts from the state were deposited and recorded on the receipt ledger in the Special Grant Fund for a total of \$332,392. They were then transferred but at year end. A total of \$8,396 had not been transferred to the correct fund.
- The fiscal court did not budget, account for, or have a separate fund for the clerk's storage fees collected. Also, the fiscal court did not submit a report to the Legislative Research Commission (LRC).
- The fiscal court failed to report encumbrances as required.
- The budgeted amounts reported for Opioid Settlement Fund did not agree to actual budgeted amounts. Budgeted revenues were misstated as \$178,403 instead of \$89,202 and the budgeted expenditures were misstated as \$0 instead of \$89,202.
- The fiscal court approved an emergency budget amendment that increased several funds receipts and disbursements by \$1,507,857. Based upon review of fiscal court minutes, this amendment did not appear to be for an actual emergency.

**JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2023
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-002 The Jackson County Fiscal Court Failed To Implement Adequate Internal Controls To Ensure Complete And Accurate Accounting Records Were Maintained (Continued)

- The fiscal court did not adhere to fourth year disbursement restrictions for Local Government Economic Assistance (LGEA) Fund. The available budget for LGEA was \$104,508 and as of December 31, 2022, the LGEA disbursements totaled \$84,806 which is 81% of the LGEA budget.

The fiscal court failed to realize the importance of strong internal controls over reporting financial information. Furthermore, Jackson County Fiscal Court has not familiarized itself with the procedures required to amend the county's budget on an emergency basis.

Failure to establish adequate controls, oversight, and review procedures increases the risk that undetected fraud or other errors will occur. The lack of adequate management oversight provides an environment in which an individual could manipulate financial records and misappropriate or misdirect county funds. The weak internal control system could have also resulted in receipts and disbursements not being posted or being posted to the wrong line items reducing the usefulness of the financial statements to the public as well as the fiscal court.

Proper accounting procedures and internal controls require the financial statement to be supported with accurate underlying accounting records such as receipt and disbursement ledgers with the financial statement being submitted to the fiscal court for review. Strong internal controls over financial reporting are vital in ensuring the fiscal court's financial statement accurately reflects the financial activity of the fiscal court. These controls should include an individual independent of the accounting function reviewing the financial statements for accuracy and compliance with DLG's reporting requirements.

KRS 68.020(4) states that the county treasurer, "shall keep an accurate detailed account of all money received and disbursed by him for the county and shall keep books of accounts of the financial transactions of the county in the manner required by the uniform system of accounting prescribed by the state local finance officer."

KRS 68.210 gives the State Local Finance Officer (SLFO) the authority to prescribe a uniform system of accounts. The uniform system of accounts is set forth in DLG's *County Budget Preparation and State Local Finance Officer Policy Manual* which requires the county treasurer to, "[p]repare a quarterly financial statement for the State Local Finance Officer." The manual provides the format to be used when preparing the quarterly financial statement. This format includes reporting original budget estimates, budget amendments, actual receipts, disbursements, and the total available in each line item. In addition, the manual provides a chart of accounts and states, "[a]ll counties must use the account numbers from the chart of accounts." Also, per the manual for budget amendments, "[a]ny amendments to a county budget submitted to the State Local Finance Officer on an emergency basis must strictly adhere to the provisions of KRS 67.078 and a photocopy of the fiscal court order naming and describing the emergency must accompany the budget amendment pursuant to KRS 68.280." KRS 67.078(2) states "[a] majority of the fiscal court may declare an emergency to exist by naming and describing the emergency[.]" KRS 68.280 mandates SLFO approval of all amendments to a county budget.

KRS 64.012(3)(b)(1)(d) states that storage fees collected "[b]e maintained by the fiscal court or the legislative body of an urban-county government in a separate bank account and accounted for in a separate fund." In addition, KRS 64.012(3)(b)(4) states "[n]o later than July 1 of each year, each county fiscal court ... shall submit a report to the Legislative Research Commission detailing the receipts, expenditures, and any amounts remaining in the fund." In addition, strong internal controls dictate clerk storage funds should be accounted for in a separate fund and bank account to easily determine the amount to be utilized by the county clerk.

**JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2023
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-002 The Jackson County Fiscal Court Failed To Implement Adequate Internal Controls To Ensure Complete And Accurate Accounting Records Were Maintained (Continued)

KRS 68.310 states, “[e]xcept in case of an emergency concerning which the county judge/executive, the fiscal court and the state local finance officer unanimously agree in writing, and, except for encumbrances or expenditures from the county's road fund, no county shall, during the first half of any fourth fiscal year, beginning with the fiscal year 1998-1999, encumber or expend more than sixty-five percent (65%) in any fund budgeted for that fiscal year, not counting as current funds any budgetary allotments for or payments of principal and interest of bonded indebtedness. Prior to encumbering or expending any funds from the road fund during the first half of any fourth fiscal year which exceed sixty-five percent (65%) of the amount budgeted, the fiscal court shall assure that there are sufficient funds remaining in the general fund to provide for the excess encumbrance or expenditure from the road fund on a dollar for dollar basis. Those excess funds shall remain in the general fund until on or after January 1 of that fiscal year.”

We recommend the Jackson County Fiscal Court improve procedures over financial reporting to ensure accurate reporting of the county's financial status and compliance with applicable statutes.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The Fiscal Court will approve budget amendments in a timelier manner to prevent another emergency amendment.

2023-003 The Jackson County Fiscal Court Did Not Establish And Maintain Effective Internal Controls Over Financial Reporting Of Federal Awards

This is a repeat finding and was included in the prior year audit report as finding 2022-004. When auditors began the audit, the county prepared a Schedule of Expenditures of Federal Awards (SEFA) for fiscal year 2023. The original SEFA prepared by the county reported federal expenditures totaling \$1,239,110. The SEFA included items that were not federal grants such as commercial mobile radio service 911 fees, an opioid legal settlement, and a state grant for litter control. The county emergency manager then revised the SEFA and reported federal expenditures totaling \$856,045.

The fiscal court did not have adequate internal controls and procedures in place to ensure that the SEFA was accurately prepared and accounted for all federal expenditures properly. The failure to prepare the SEFA accurately misrepresented the fiscal court's federal expenditure activity for the fiscal year. The county revised the SEFA during the course of the audit to include the third American Rescue Plan Act (ARPA) draw that was previously left off the initial SEFA.

2 C.F.R. § 200.510(b) states “[t]he auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended....” At a minimum, the schedule must include the following if applicable:

- (1) List individual Federal programs by Federal agency.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity.
- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the ALN information is not available.
- (4) The total amount provided to subrecipients from each Federal program.

**JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2023
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-003 The Jackson County Fiscal Court Did Not Establish And Maintain Effective Internal Controls Over Financial Reporting Of Federal Awards (Continued)

- (5) For loan or loan guarantee programs identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe the significant accounting policies used in preparing the schedule.

Good internal controls dictate that the fiscal court has procedures in place to review the SEFA prepared by the county treasurer for accuracy and to ensure all federal expenditures for the fiscal year are included on the SEFA.

We recommend the Jackson County Fiscal Court implement internal controls to ensure that the SEFA is properly prepared and federal expenditures are reported accurately.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The finance officer assisted in the preparation of the SEFA and also served as the Assistant EM. Again, her sickness and passing did not allow preparation in a timely manner.

2023-004 The Jackson County Fiscal Court Lacks Adequate Segregation Of Duties Over Accounting Functions

This is a repeat finding and was included in the prior year audit report as finding 2022-003. The Jackson County Fiscal Court does not have adequate segregation of duties over receipts, disbursements, and reconciliations. The county treasurer and finance officer are responsible for preparing deposits, posting to the receipts and disbursements ledgers, signing checks, reconciling all bank accounts, preparing monthly reports for the fiscal court and quarterly reports for DLG with little or no documented review.

Per the county judge/executive, a limited budget places restriction on the number of employees the fiscal court can hire. When faced with a limited number of staff, strong compensating controls should have been implemented to offset the lack of segregation of duties.

The lack of oversight could result in undetected misappropriation of assets and inaccurate financial reporting to external agencies such as DLG. The lack of adequate segregation of duties, coupled with a lack of adequate management oversight, provides an environment in which an individual could manipulate financial records and misappropriate or misdirect county funds. The following deficiencies occurred due to the lack of segregation of duties over these areas:

- The Jackson County Fiscal Court failed to implement adequate internal controls to ensure complete and accurate accounting records were maintained as reported in finding 2023-002.
- The Jackson County Fiscal Court did not establish and maintain effective internal controls over financial reporting of federal awards as reported in finding 2023-003.
- The Jackson County Fiscal Court lacks proper controls and oversight over bank reconciliations as reported in finding 2023-005.
- The Jackson County Fiscal Court did not have adequate controls over cash transfers between funds as reported in finding 2023-006.

**JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2023
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-004 The Jackson County Fiscal Court Lacks Adequate Segregation Of Duties Over Accounting Functions (Continued)

- The Jackson County Fiscal Court does not have adequate procedures for reporting county liabilities as reported in finding 2023-007.
- The Jackson County Fiscal Court did not have strong internal controls over handling of disbursements as reported in finding 2023-008.
- The Jackson County Fiscal Court lacks internal controls over transfer station receipts and deposits as reported in finding 2023-009.
- The Jackson County Fiscal Court lacks internal controls over occupational tax as reported in finding 2023-010.
- The Jackson County Fiscal Court did not have adequate controls over payroll processing as reported in finding 2023-011.

KRS 46.010(2) requires, “each county treasurer, and each county officer who receives or disburses state funds, to keep an accurate account of receipts and disbursements, showing a daily balance of receipts and disbursements.” KRS 46.010(3) requires, “all county officers handling state funds, other than taxes, to make an annual report to the Department for Local Government showing receipts and disbursements, and to make other financial statements as the Department for Local Government requires.” The segregation of duties is a basic internal control necessary to ensure the accuracy and reliability of financial reports. The segregation of duties over various accounting functions such as collecting receipts, preparing deposits, recording receipts and disbursements to the ledgers, and preparing reports or the implementation of compensating controls is essential for providing protection from asset misappropriation or inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily job duties.

We recommend that the Jackson County Fiscal Court separate the duties involving receipts, disbursements, and reconciliations which include the opening of mail, collecting and depositing of receipts, posting receipts and disbursements, and preparation of reports and reconciliations. If this is not feasible due to a limited budget, strong oversight over these areas could occur and involve an employee that is not currently performing any of those functions. Additionally, the county judge/executive could provide this oversight and document it on the appropriate source documents.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive’s Response: Due to the sickness and death of our finance officer, we were even more understaffed than usual. We have new finance officer in place to work on correcting these issues.

2023-005 The Jackson County Fiscal Court Lacks Proper Controls And Oversight Over Bank Reconciliations

This is a repeat finding and was included in the prior year audit report as finding 2022-005. The following issues were noted during the review of the bank accounts maintained by the fiscal court.

- Bank reconciliations as of June 30, 2023, prepared by the county treasurer were not accurate and there is no documentation of their review.
- Outstanding deposits and checks that needed to be voided were not addressed on the reconciliations.

**JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2023
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-005 The Jackson County Fiscal Court Lacks Proper Controls And Oversight Over Bank Reconciliations
(Continued)

- Receivables from the Payroll Revolving Account of \$2,729 are due to the General Fund because of checks being written out of the Payroll Revolving Account and deposited back into the Payroll Revolving Account in error instead of the General Fund.
- The Jail Fund and Transfer Fund Accounts are not properly reconciled.
- The reconciled balance of the Jail Fund Account was a negative balance of \$9,011.
- The reconciled balance of the Transfer Station Fund Account was a negative balance of \$40,367 as of June 30, 2023.
- The Payroll Revolving Account was not properly reconciled.
- The reconciled balance of the Payroll Revolving Account for June 30, 2023, could not readily be determined. The county has numerous outstanding liabilities; however, receivables for the liabilities could not be determined. To work as intended, revolving account balances should reconcile to zero.

In addition, the county has numerous accounts which have receivables and stale dated checks as well as overdraft fees. It was also noted that deposits are not always made timely.

The fiscal court failed to establish appropriate oversight of the county treasurer's reconciliation activities. The fiscal court did not establish relevant review procedures to determine if the county treasurer was submitting complete and accurate reconciliations on a monthly basis. Failure by the fiscal court to establish proper oversight has made it challenging to track expenses accurately or identify cash flow issues. Furthermore, lack of controls and oversight has allowed three accounts to have a negative balance at the end of the fiscal year. The treasurer has stated the Payroll Revolving account has never been reconciled to zero.

The fiscal court's failure to establish a review of the county treasurer's reconciliations resulted in incorrect financial reporting on the county's part for fiscal year ending June 30, 2023. Without proper procedures and controls in place, the fiscal court increases its exposure to fraud, errors going undetected, inaccurate reporting of available cash to conduct its daily business, liabilities not being paid timely, and the likelihood of inaccurate required financial reporting to agencies and taxpayers. The payroll revolving account should be reconciled to zero each month but had a negative balance of \$20,941 per the treasurer reconciliation.

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The uniform system of accounts is set forth in the DLG's *County Budget Preparation and State Local Finance Officer Policy Manual* which details the minimum requirements for all local government officials and employees with regards to handling public funds. One of the listed requirements is the preparation of monthly bank reconciliations. These reconciliations should include bank balances and a listing of all outstanding reconciling items, deposits in transit, outstanding checks, investments, etc.

KRS 68.360(1) states, "[t]he county treasurer shall balance his books on the first day of each month, so as to show the correct amount on hand belonging to each fund on the day the balance is made, and shall within ten (10) days file with the county judge/executive and members of the fiscal court a monthly statement containing a list of warrants paid by him during the month, showing all cash receipts and the cash balance at the beginning and at the end of the month, and certifying that each warrant or contract is within the budget appropriation." KRS 68.360(2) states, in part, "[t]he county judge/executive shall post the statement in a conspicuous place in the courthouse near the front door for at least ten (10) consecutive days, and transmit a copy to the fiscal court and to the state-local finance officer."

**JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2023
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-005 The Jackson County Fiscal Court Lacks Proper Controls And Oversight Over Bank Reconciliations
(Continued)

We recommend the Jackson County Fiscal Court establish controls and procedures to review and document the reviews on all reconciliations prepared by the county treasurer to determine the validity and accuracy of the amounts presented to the fiscal court and submitted to the state-local government. We further recommend the fiscal court investigate the balance in the Jail Fund, Transfer Fund, and Payroll Revolving Accounts to determine how to resolve the accounts' negative balances and ensure no further liabilities need to be paid. If the balance is of unknown origin, the balance needs to be deposited from the General Fund operating bank account. We further recommend the fiscal court implement a procedure to regularly reconcile the Payroll Revolving Account balance to zero.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Again, the sickness and passing of the finance officer left a shortage in staff to properly maintain bank reconciliations. We are working on reconciling each account for accuracy.

2023-006 The Jackson County Fiscal Court Did Not Have Proper Controls Over Cash Transfers

This is a repeat finding and was included in the prior year audit report as finding 2022-006. The Jackson County Fiscal Court did not approve all transfers timely. Seven transfers were not listed in the minutes; however, three of the transfers are not reflected as being approved by the fiscal court and five of the transfers were approved after the checks were issued.

Management did not adequately monitor transfers to ensure the total amounts transferred were presented to the fiscal court meeting for approval prior to the transfer taking place. Not having all transfers approved, the fiscal court is not in compliance of the criteria required by DLG and can make decision making by the governing body less accurate. It further allows for error to go undetected or noted by the governing body. By transferring funds before approval is received, the county treasurer circumvented the fiscal court's authority to decide how county funds are to be used.

According to page 73 of the Department for Local Government's *County Budget Preparation and State Local Finance Officer Policy Manual*, "[a]ll transfers require a court order."

We recommend all transfers are approved by the Jackson County Fiscal Court before the transfer is made. The approval should be clearly reflected in the fiscal court minutes. In addition, funds should only be transferred to the approved accounts and only if sufficient funds are available.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: Budget issues left some accounts short for payment which resulted in interfund transfers to support claims made against them. The Fiscal Court is working to correct these issues caused by rising operational costs and budget shortfalls.

**JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2023
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-007 The Jackson County Fiscal Court Does Not Have Adequate Procedures For Reporting County Liabilities

This is a repeat finding and was included in the prior year audit report as finding 2022-007. The Jackson County Fiscal Court did not report outstanding balances correctly for long-term liabilities related to debt service payments. The principal and interest balances on all debts were not reported correctly, resulting in liabilities being understated by \$275,185 for principal balances and overstated by \$694,882 for interest balances, due as of June 30, 2023.

The fiscal court does not have controls in place to ensure balances were reported properly. Some of the differences in the principal and interest balances are likely due to posting errors in prior years. 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. Control procedures should be in place with 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 the Jackson County Fiscal Court improve procedures to ensure proper reporting of all county liabilities on the financial statement.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The Fiscal Court refinanced a bond in a prior FY which caused this issue. We are working to correct the reporting error.

2023-008 The Jackson County Fiscal Court Lacks Internal Controls Over Disbursements

This is a repeat finding and was included in the prior year audit report as finding 2022-008. Auditors tested 195 regular disbursements and 14 credit card transactions with the following issues noted:

- Fifty-three disbursements did not have adequate supporting documentation. Auditors could not determine if disbursements were a valid obligation of the fiscal court at the time of payment due to missing invoices. These disbursements total \$359,777.
- Thirteen disbursements totaling \$512,826 were not presented to the fiscal court before being paid.
- Sixteen disbursements were not paid within 30 working days of receiving the invoice totaling \$629,745, including an unemployment invoice tested in payroll. The fiscal court does not document when an invoice is received. Auditors used the invoice date to determine if the invoice was paid timely.
- One invoice included \$3,409 in finance charges.
- Three disbursements made were duplicate payments totaling \$15,593.
- One disbursement tested of \$189 was voided but still appeared on the disbursements ledger.
- Nine disbursements requiring bids were never properly bid totaling \$575,278.
- One disbursement tested of \$32,602 under bid requirements did not have supporting documentation to compare with bid pricing and specifications.
- Eleven credit card transactions totaling \$3,500 did not have an itemized invoice attached.
- Four credit card charges totaling \$1,159 were not recorded on the county's ledgers and were never paid.

**JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2023
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-008 The Jackson County Fiscal Court Lacks Internal Controls Over Disbursements (Continued)

- One credit card transaction for \$23 was not paid within 30 days.
- One credit card transaction included sales tax of \$14.
- Auditor noted \$11,576 in finance charges and interest accrued on the credit card statements during the fiscal year.
- The county is not reporting encumbrances on the fourth quarter financial report.

The fiscal court failed to establish appropriate internal controls over disbursements and has failed to document review activities performed by the county judge/executive. 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 SLFO the authority to prescribe a uniform system of accounts. The uniform system of accounts is set forth in the DLG's *County Budget Preparation and State Local Finance Officer Policy Manual*. The manual presents requirements for counties handling of disbursements, including:

- Purchases shall not be made without approval by the judge/executive (or designee), and/or a department head.
- Purchase requests shall indicate the proper appropriation account number to which the claim will be posted.
- Purchase requests shall not be approved in an amount that exceeds the available line-item appropriation unless the necessary and appropriate transfers have been made.
- Each department head issuing purchase requests shall keep an updated appropriation ledger and/or create a system of communication between the department head and the judge/executive or designee who is responsible for maintaining an updated, comprehensive appropriation ledger for the county.
- Furthermore, DLG highly recommends that counties accept the practice of issuing purchase orders for payroll and utility claims.

KRS 68.275(2) states, "(t)he county judge/executive shall present all claims to the fiscal court for review prior to payment and the court, for good cause shown, may order that a claim not be paid."

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."

At the time relevant to this audit, KRS 424.260 required that when procuring services at a cost exceeding \$30,000, 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.

KRS 65.140 (2) requires that "all bills for goods or services shall be paid within thirty (30) working days of receipt of a vendor's invoice."

We recommend the Jackson County Fiscal Court strengthen controls over disbursements and the purchasing procedures by requiring disbursements to have purchase orders submitted prior to approval. All purchase orders should be completed properly with dates, amounts, and account codes. Each invoice should include the related purchase order number when being approved for payment.

**JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2023
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-008 The Jackson County Fiscal Court Lacks Internal Controls Over Disbursements (Continued)

The fiscal court should ensure all items requiring bids are being properly bid, invoices are properly supported and paid timely, and only items considered reasonable in amount, beneficial to the public, and not personal in nature are paid by the fiscal court. We further recommend the fiscal court implement a process that allows the fiscal court to create an encumbrance list.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The Fiscal Court is working on implementing a computer-generated system to assure better accuracy in disbursements.

2023-009 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 audit report as finding 2022-010. The following issues were noted with regard to internal controls over receipts and deposits at the county transfer station:

- Daily check-out sheets were not prepared.
- Correct fees are not being collected for haulers.
- One deposit was not made within three business days of collection.
- Accounts receivable is not being accounted for properly. Three charged receipts were not recorded as accounts receivable and were never shown as paid.
- Receipts are not being batched daily. Two deposits included a receipt from a prior day.
- Thirteen receipts from one week chosen for testing could not be located.
- Cash and check on daily recap of receipts could not be matched to the individual receipts. Three receipts were not marked as either cash, check, or charge. One day's deposit included more checks than was on the daily recap.
- Proper review of collections was not documented when a deposit was prepared and delivered to the county judge's office for deposit into the bank.

The Jackson County Fiscal Court have failed to establish internal controls over receipts and deposits from the county's transfer station. Inaccurate financial reporting and misappropriated funds may occur when receipts are not accounted for on a daily basis, daily check 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 DLG'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 Fiscal Court strengthen internal controls to ensure daily check-outs are performed and receipts are processed in order. We also recommend employees providing 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 Fiscal Court is now working to ensure accuracy of these deposits by having the treasurer and finance officer validate deposits.

**JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2023
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-010 The Jackson County Fiscal Court Lacks Internal Controls Over Occupational Tax

This is a repeat finding and was included in the prior year audit report as finding 2022-009. 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. All receipts are collected, recorded, and deposited by the occupational tax administrator and the occupational tax administrator makes payments to the fiscal court on an as needed basis. The payments do not relate to the actual receipts collected over any defined period and there is a lack of segregation of duties related to the occupational tax office. According to personnel, the County Judge/Executive does review monthly bank statements and deposits, but this review is not documented. In addition, when testing occupational tax receipts, the following exceptions were noted:

- The county could not provide a copy of the county’s occupational tax ordinance for auditors to determine if the occupational tax receipts were being handled properly per ordinance.
- Twelve of the 20 receipts tested were not deposited within three business days.
- Two occupational tax returns, when recalculated, did not have the correct amount of tax remitted.
- Two occupational tax returns could not be located to verify correct remittance.

The Jackson County Judge/Executive and the fiscal court have failed to establish internal controls over receipts and deposits for occupational tax. 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 receipts documentation, it is unlikely for the treasurer to be able to determine if amounts being transferred are complete or accurate. Without a copy of the occupational tax ordinance, auditors could not verify that the county was in compliance with guidelines set by the ordinance.

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 SLFO the authority to prescribe a uniform system of accounts. Pursuant to KRS 68.210, the State Local Finance Officer has prescribed minimum accounting and reporting standards in the DLG’s *County Budget Preparation and State Local Finance Officer Policy Manual*, which dictates that, “the 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.

KRS 68.360(1) states, “[t]he county treasurer shall balance his books on the first day of each month, so as to show the correct amount on hand belonging to each fund on the day the balance is made, and shall within ten (10) days file with the county judge/executive and members of the fiscal court a monthly statement containing a list of warrants paid by him during the month, showing all cash receipts and the cash balance at the beginning and at the end of the month, and certifying that each warrant or contract is within the budget appropriation.”

We recommend the Jackson County Fiscal Court implement internal controls over the receipt and disbursement of occupational taxes. The fiscal court should also ensure occupational tax receipts are paid over to the fiscal court on a regular basis and supported by receipt documentation to ensure the completeness of the transfer. Furthermore, the treasurer should account for all funds on hand and ensure they are incorporated into the fiscal court ledgers properly. In addition, we recommend the county obtain a copy of the original ordinance and ensure the occupational taxes collected are being appropriately allocated.

**JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2023
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-010 The Jackson County Fiscal Court Lacks Internal Controls Over Occupational Tax (Continued)

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive's Response: The Fiscal Court is now working to ensure accuracy of these deposits by having the treasurer and finance officer validate deposits.

2023-011 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 audit report as finding 2022-011. The Jackson County Fiscal Court did not have adequate controls over payroll processing. The lack of adequate controls resulted in the following issues noted during two pay periods tested:

- The fiscal court did not set and approve the salaries of all county officials in accordance with KRS 64.530(1).
- One employee is receiving wages for two positions, one which is documented on a timesheet and one which is not. Since the employee is working a 40-hour work week for the first position, the second position may cause the employee to qualify for overtime.
- Vacation time used by an employee was not deducted from the employee's balance.
- The fiscal court is not keeping track of transfer station employees' compensatory time.
- Four time sheets were not approved.
- Twenty-one employees have exceeded the authorized leave balance approved in the counties administrative code.
- Five employees were not contributing the correct amount towards retirement.
- The Jackson County Fiscal Court did not pay the Kentucky Department of Revenue for state income tax withheld from employees timely. The fiscal court paid penalties and interest totaling \$5,895 due to late payments.

Weak internal controls allowed issues with the payroll process to go unnoticed. In addition, the fiscal court failed to implement controls to monitor that payroll liabilities are reported correctly and properly remitted to appropriate parties. Instead, it relied on a single employee to report and remit the amounts due without sufficient oversight. In addition, as reported in finding 2023-005 the payroll bank account used to process state and local tax transactions was not properly reconciled to ensure all liabilities were paid timely.

The fiscal court is not in compliance with Kentucky Revised Statutes or the county's administrative code which is allowing liabilities to go unpaid and causing employees to be under and overpaid as well as not being provided all the benefits to which they are entitled. In addition, the fiscal court is paying funds for penalties and interest that could benefit the taxpayers of the county if proper controls over the payroll revolving account were implemented.

Strong internal controls over payroll and timekeeping are vital in ensuring that payroll amounts are calculated and accounted for properly.

KRS 64.530(1) states, "[e]xcept as provided in subsections (5) and (6) of this section, 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 and the county attorney and jailer. The fiscal court may provide a salary for the county attorney."

KRS 337.320(1) requires every employer to "keep a record of: (a) The amount paid each pay period to each employee; (b) The hours worked each day and each week by each employee; and (c) Such other information as the commissioner requires."

**JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2023
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-011 Jackson County Fiscal Court Did Not Have Adequate Controls Over Payroll Processing
(Continued)

OAG 79-448 discusses Section 3 of the Kentucky Constitution stating that Section 3, “is unequivocal on the point that public emolument to any person must be based on the consideration of public services. By the strongest implication this means ‘public services actually rendered.’ It does not mean ‘public services to be rendered.’”

Per the Vacation Section of the Jackson County Administrative Code, “Vacation may be accrued to 30 days or 240 hours.”

KRS 141.310 (1) states, “[e]very employer making payment of wages on or after January 1, 1971, shall deduct and withhold upon the wages a tax determined under KRS 141.315 or by the tables authorized by KRS 141.370.”

We recommend the Jackson County Fiscal Court improve procedures over payroll by ensuring all timesheets are approved by a supervising official, employees are paid for hours worked, and compensatory time is authorized when earned and properly documented. In addition, the county should ensure leave balances are properly maintained. Furthermore, we recommend the fiscal court ensure employees are paying their correct portion for health insurance benefits. Furthermore, we recommend the fiscal court implement internal controls over payroll liabilities and remit amounts due to the Kentucky Department of Revenue timely. Internal controls, such as a thorough review of payroll earnings records and comparison of amounts due to amounts paid, should be performed by an individual independent of the payroll process. Once completed, the review should be signed by the individual performing the review and submitted to the county judge/executive and the fiscal court.

Views of Responsible Official and Planned Corrective Action:

County Judge/Executive’s Response: Due to the sickness and death of our finance officer, we were even more understaffed than usual. We have new finance officer in place to work on correcting these issues by assisting the Treasurer with payroll.

2023-012 The Jackson County Detention Center Did Not Have Strong Internal Controls Over The Accounting Function

This is a repeat finding and was included in the prior year audit report as finding 2022-012. The Jackson County Detention Center’s administration duties include receiving the mail, collecting cash, issuing receipts, preparing deposits, posting receipts, preparing checks, signing checks, posting disbursements, and completing the bank reconciliations. When one employee is responsible for the receipt, disbursement, and reconciliation process, the risk of misappropriation of assets, errors, and inaccurate financial reporting increases. Our auditors noted supporting documentation was not maintained or prepared with commissary account deposits selected for testing. Furthermore, checkout sheets were not prepared, and receipts were not issued for the Commissary Account deposits.

In addition to the issues with commissary receipts, the following issues related to jail disbursements were noted:

- Two of the 10 commissary disbursements selected for testing were not paid timely.
- Two of the 10 commissary disbursements selected for testing were not properly supported with an invoice.
- The jailer purchased nicotine products for use as commissary inventory from one vendor totaling \$103,875 in fiscal year ending June 30, 2023, without obtaining bids.

**JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2023
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-012 The Jackson County Detention Center Did Not Have Strong Internal Controls Over The Accounting Function

The lack of segregation of duties without strong internal controls has allowed errors to go undetected. The lack of strong internal controls has allowed the following deficiencies to occur, no receipts issued for commissary account deposits, deposits not completed timely, no checkout prepared for deposits, lack of supporting documentation for disbursements, late payments created additional interest and penalties, and did not advertise for bids for purchases required by KRS 424.260(1).

DLG was given the authority by KRS 68.210 to prescribe a uniform system of accounts. The minimum requirements for handling public funds in *County Budget Preparation and State Local Finance Officer Policy Manual* states, "Daily deposits intact into a federally insured banking institution." It also states for jail commissaries that, "Daily deposits are required. At the end of each business day the Jailer or assigned personnel should separate individual receipts into categories listed on the check-out sheet." Additionally, the practice of making daily deposits reduces the risk of misappropriation of cash, which is the asset most susceptible to possible theft. The manual further states, "[c]hecks should be issued for all expenditures made."

KRS 65.140 requires the county to pay vendor invoices within 30 working days.

At the time relevant to the audit, KRS 424.260(1) stated, "[e]xcept where a statute specifically fixes a larger sum as the minimum for a requirement of advertisement for bids, no city, county, or district, or board or commission of a city or county, or sheriff or county clerk, may make a contract, lease, or other agreement for: (a) Materials; (b) Supplies, except perishable meat, poultry, fish, egg products, fresh vegetables, and fresh fruits; (c) Equipment; or (d) Contractual services other than professional; involving an expenditure of more than thirty thousand dollars (\$30,000) without first making newspaper advertisement for bids."

We recommend the jailer make all deposits for the commissary and inmate accounts in compliance with DLG's requirements. We further recommend the jailer provide proper supporting documentation for all jail commissary deposits as well as ensure all disbursements are properly supported and paid timely. In addition, compliance with KRS 424.260(1) will help to ensure the jail is receiving a complete bid on items necessary to run the facility.

Views of Responsible Official and Planned Corrective Action:

Jailer's Response: The bidding for nicotine products will be included with the Jackson County Fiscal Courts other bids this year.

2023-013 The Jackson County Detention Center Does Not Have Adequate Controls Over The Inmate Account

This is a repeat finding and was included in the prior year audit report as finding 2022-013. The Jackson County Jailer uses a separate bank account to hold inmate funds. As of June 30, 2023, the Inmate Account had a balance of \$75,973. Per the inmate accounts payable report, the inmate balance should have been \$4,690 as of June 30, 2023. Removing these items and the \$43,393 of uncleared liabilities from the fiscal year-end balance would leave an unexplained overage due to the commissary account of \$27,890. In addition, the detention center does not have an adequate accounts receivable process. Upon the release of an inmate with a receivable, the detention center does not have a process in place to collect any money due from the inmate. If an inmate returns to the detention center, they will then attempt to collect some of the owed fees.

**JACKSON COUNTY
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended June 30, 2023
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-013 The Jackson County Detention Center Does Not Have Adequate Controls Over The Inmate Account
(Continued)

According to the county jailer the account had a balance prior to him taking office and he thinks the variance is due to the sales tax for items purchased out of the commissary being paid out of the wrong account. He further stated he and his chief administrator have been trying to obtain guidance and supporting documentation to transfer the funds to the proper account. The jailer had in the past used a receivable company but quit using them at the beginning of fiscal year ending June 30, 2023.

As a result, the county jailer could be holding funds that should have been transferred to the commissary account and used for the benefit of the inmates. In addition, with the account not being properly reconciled, this could allow errors to go unnoticed and uncorrected. As of June 30, 2023, the detention center has \$4,934,683 in outstanding receivables. Collections of these funds could be used to support the jail facility if collected.

KRS 68.210 requires the State Local Finance Officer to create a system of uniform accounts for all counties and county officials. The *County Budget Preparation and State Local Finance Officer Policy Manual*, under minimum requirements for handling of public funds, requires monthly reconciliation of bank statements.

Prudent accounting practices require an attempt of collection for an account as large as the jail accounts receivable. Also, KRS 441.265(3) states, “[t]he jailer or his or her designee may bill and attempt to collect any amount owed which remains unpaid. The governing body of the county may, upon the advice of the jailer, contract with one (1) or more public agencies or private vendors to perform this billing and collection. Within twelve (12) months after the date of the prisoner's release from confinement, the county attorney, jailer, or the jailer's designee, may file a civil action to seek reimbursement from that prisoner for any amount owed which remains unpaid.”

We recommend reconciling the inmate account to a zero-ending cash balance each month and a review of the reconciliation which can be documented by initialing and dating this reconciliation. We further recommend the jailer transfer the unexplained overage due to the commissary account after reconciling all outstanding items. To the extent it's feasible, we further recommend the jailer comply with KRS 441.265(3) and implement a procedure to collect receivables.

Views of Responsible Official and Planned Corrective Action:

Jailer's Response: We have asked on several occasions how to move this money into the commissary account with no definite answer. We will have this matter resolved in the near future.

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

JACKSON COUNTY FISCAL COURT

For The Year Ended June 30, 2023

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CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
COUNTY FISCAL COURT

For The Year Ended June 30, 2023

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