

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

**For The Year Ended  
June 30, 2022**



**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, 2022.

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  
 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

### ***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:

- 2022-001 The Jackson County Fiscal Court Failed To Implement A Strong Internal Control System
- 2022-002 The Jackson County Fiscal Court Did Not Accurately Report Financial Information On The Annual Financial Statement And The Fourth Quarter Financial Report
- 2022-003 The Jackson County Fiscal Court Lacks Adequate Segregation Of Duties Over Accounting Functions
- 2022-004 The Jackson County Fiscal Court Did Not Establish And Maintain Effective Internal Controls Over Financial Reporting Of Federal Awards
- 2022-005 The Jackson County Fiscal Court Lacks Proper Controls And Oversight Over Bank Reconciliations
- 2022-006 The Jackson County Fiscal Court Did Not Have Proper Controls Over Transfers
- 2022-007 The Jackson County Fiscal Court Does Not Have Adequate Procedures For Reporting County Liabilities
- 2022-008 The Jackson County Fiscal Court Lacks Internal Controls Over Disbursements
- 2022-009 The Jackson County Fiscal Court Lacks Internal Controls Over Occupational Tax
- 2022-010 The Jackson County Fiscal Court Lacks Internal Controls Over Transfer Station Receipts And Deposits
- 2022-011 The Jackson County Fiscal Court Did Not Have Adequate Controls Over Payroll Processing

To the People of Kentucky  
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**Other Reporting Required by *Government Auditing Standards (Continued)***

- 2022-012 The Jackson County Detention Center Did Not Have Strong Internal Controls Over The Accounting Function
- 2022-013 The Jackson County Detention Center's Inmate Account Was Not Properly Reconciled

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

November 15, 2024

**JACKSON COUNTY OFFICIALS****For The Year Ended June 30, 2022****Fiscal Court Members:**

Shane Gabbard	County Judge/Executive
Danny Todd	Magistrate
Dale Vaughn	Magistrate
Gavin 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, 2022**

**JACKSON COUNTY  
FOURTH QUARTER FINANCIAL STATEMENT**

**For The Year Ended June 30, 2022**

**Summary File Text  
Jackson County Fiscal Court**

County	FYear	FType	Fund	Fund Description	Total Receipts	Total Disburse	Cash Balance	Encumbrances	Unencumbered
055	2022	4Q	01	General Fund	3,281,656.84	3,163,722.28	117,934.56		117,934.56
055	2022	4Q	02	Road Fund	1,830,589.99	1,818,315.89	12,274.10		12,274.10
055	2022	4Q	03	Jail Fund	1,944,695.75	1,978,898.71	-34,202.96		-34,202.96
055	2022	4Q	04	Local Government Economic Assistance Fund	136,755.76	121,150.60	15,605.16		15,605.16
055	2022	4Q	06	SPECIAL GRANT ACCOUNT	68,476.85	51,250.00	17,226.85		17,226.85
055	2022	4Q	08	Disaster Emergency Services Fund	537,293.32	362,523.23	174,770.09		174,770.09
055	2022	4Q	12	Forest Fire Protection Fund	4,739.91	3,493.00	1,246.91		1,246.91
055	2022	4Q	15	Transfer Station	499,900.30	493,034.07	6,866.23		6,866.23
055	2022	4Q	84	AMERICAN RESCUE ACT	1,161.00	20.00	1,141.00		1,141.00
055	2022	4Q	88	CMRS	1,899.48		1,899.48		1,899.48
					<b>8,307,169.20</b>	<b>7,992,407.78</b>	<b>314,761.42</b>		<b>314,761.42</b>

**JACKSON COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2022**  
**(Continued)**

<b>Reconciliation File Text</b>									
<b>Jackson County Fiscal Court</b>									
County	FYear	FType	Fund	Fund Description	Bank Balance	Deposits	Checks	Other	Cash Balance
055	2022	4Q	01	General Fund	168,645.67	2,728.99	53,440.10		117,934.56
055	2022	4Q	02	Road Fund	17,320.83		5,046.73		12,274.10
055	2022	4Q	03	Jail Fund	31,923.10	2,843.04	68,969.10		-34,202.96
055	2022	4Q	04	Local Government Economic Assistance Fund	15,605.16				15,605.16
055	2022	4Q	06	SPECIAL GRANT ACCOUNT	17,226.85				17,226.85
055	2022	4Q	08	Disaster Emergency Services Fund	174,770.09				174,770.09
055	2022	4Q	12	Forest Fire Protection Fund	1,246.91				1,246.91
055	2022	4Q	15	Transfer Station	7,931.23		1,065.00		6,866.23
055	2022	4Q	84	AMERICAN RESCUE ACT	1,141.00				1,141.00
055	2022	4Q	88	CMRS	1,899.48				1,899.48
					<b>437,710.32</b>	<b>5,572.03</b>	<b>128,520.93</b>		<b>314,761.42</b>

**JACKSON COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2022**  
**(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	2022	4Q	01	4101		REAL PROPERTY TAX	165,000.00		59,045.12	105,954.88	92.29
055	2022	4Q	01	4102		PERSONAL PROPERTY TAX	1,000.00		167,848.54	-166,848.54	1,623.35
055	2022	4Q	01	4103		MOTOR VEHICLE PROPERTY TAX	5,000.00		7,761.68	-2,761.68	1,487.32
055	2022	4Q	01	4104		DELINQUENT PROPERTY TAX	8,500.00		16,707.28	-8,207.28	3,780.55
055	2022	4Q	01	4107		UNMIDED MINERALS TAX	100.00			100.00	
055	2022	4Q	01	4120		OTHER AD VALOREM TAX	38,000.00	62,381.21	100,381.21		32,961.32
055	2022	4Q	01	4130		BANK FRANCHISE TAX	26,000.00		30,234.78	-4,234.78	1,388.93
055	2022	4Q	01	4134		OCCUPATIONAL LICENSE FEE TAX	1,230,000.00	155,000.00	1,385,000.00		405,000.00
055	2022	4Q	01	4135		DEED TAX	15,000.00		29,728.83	-14,728.83	8,891.52
055	2022	4Q	01	4137		INSURANCE LICENSE FEE	600,000.00		660,176.36	-60,176.36	177,610.84
055	2022	4Q	01	4140		TELEPHONE 911 FEE	112,000.00		130,670.79	-18,670.79	32,741.66
055	2022	4Q	01	4210		IN LIEU PAYMENT	80,000.00	83,219.32	163,219.32		163,219.32
055	2022	4Q	01	4302		EXCESS FEES - CLERK	70,000.00	110,092.00	180,092.96	-0.96	
055	2022	4Q	01	4304		COUNTY SHERIFF FEES	2,500.00		6,423.14	-3,923.14	3,285.75
055	2022	4Q	01	4510		STATE GRANTS	70,000.00			70,000.00	
055	2022	4Q	01	4520		ELECTION EXPENSE REIMBURSEMENT	2,786.00			2,786.00	
055	2022	4Q	01	4522		LEGAL PROCESS TAX	200.00		210.69	-10.69	
055	2022	4Q	01	4532		AOC SPACE RENTAL	140,000.00			140,000.00	
055	2022	4Q	01	4543		MISC PAYMENTS	20,000.00		18,121.57	1,878.43	453.44
055	2022	4Q	01	4602		HB 413 and COURT FACILITY FEES	15,000.00		22,500.10	-7,500.10	3,832.38
055	2022	4Q	01	4604		PARKS AND RECREATION	4,000.00		2,130.60	1,869.40	1,420.60
055	2022	4Q	01	4699		DOG FEES-CHARGES FOR OTHER SERVICES	300.00		331.00	-31.00	175.00
055	2022	4Q	01	4701		VENDING MACHINE COMMISSION	350.00		518.65	-168.65	169.25
055	2022	4Q	01	4727		REIMBURSEMENT	40,000.00		53,459.55	-13,459.55	260.75
055	2022	4Q	01	4801		INTEREST	160.00		173.29	-13.29	45.73
055	2022	4Q	01	4901		SURPLUS FROM PRIOR YEAR			245,232.81	-245,232.81	
055	2022	4Q	01	4909		TRANSFERS TO OTHER FUNDS	-801,503.65		-1,158,751.85	357,248.20	-421,751.85
055	2022	4Q	01	4910		TRANSFER IN	576,747.42		1,160,440.42	-583,693.00	146,600.42
055	2022	4Q	02	4205		NATIONAL FOREST RECEIPTS	10,000.00	118,809.21	128,809.21		128,809.21
055	2022	4Q	02	4514		FLEX FUNDS-TRANSPORTATION CABINET	204,995.00	31,713.00	271,123.41	-34,415.41	34,415.41
055	2022	4Q	02	4516		TRUCK LICENSE REFUND	226,429.00		249,661.38	-23,232.38	
055	2022	4Q	02	4517		DRIVER'S LICENSE REFUND	1,500.00			1,500.00	
055	2022	4Q	02	4518		COUNTY ROAD AID	1,031,636.59	101,278.00	1,132,914.77	-0.18	

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**JACKSON COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2022**  
**(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	2022	4Q	02	4798		OTHER RECEIPTS	300,000.00		32,906.48	267,093.52	6,007.44
055	2022	4Q	02	4801		INTEREST EARNED	200.00		315.13	-115.13	19.30
055	2022	4Q	02	4901		PRIOR YEAR SURPLUS			58,455.01	-58,455.01	
055	2022	4Q	02	4903		ADJUSTMENTS TO PRIOR YEAR SURPLUS					
055	2022	4Q	02	4909		TRANSFERS TO OTHER FUNDS	-225,747.42		-250,000.00	24,252.58	
055	2022	4Q	02	4910		TRANSFERS FROM OTHER FUNDS			206,404.60	-206,404.60	156,404.60
055	2022	4Q	03	4503		FEDERAL REIMBURSEMENT/REFUND		74,624.81	74,624.81		38,589.12
055	2022	4Q	03	4514		TRANSPORTATION CABINET AGREEMENT	10,000.00			10,000.00	
055	2022	4Q	03	4533		STATE/JAIL ALLOTMENT	100,000.00		49,658.44	50,341.56	999.06
055	2022	4Q	03	4535		COURT COST COLLECTION, CIRCUIT CLERK	205.00			205.00	
055	2022	4Q	03	4536		INTERCOUNTY JAIL CONTRACTS	30,000.00		3,332.00	26,668.00	3,332.00
055	2022	4Q	03	4537		STATE PRISONERS	600,000.00	122,794.42	722,794.42		218,627.84
055	2022	4Q	03	4538		DUI FEES	400.00		1,597.49	-1,197.49	320.95
055	2022	4Q	03	4543		MISCELLANEOUS	8,000.00		6,713.34	1,286.66	1,718.87
055	2022	4Q	03	4551		TELEPHONE REIMBURSEMENTS	17,000.00	5,509.49	22,509.49		5,483.27
055	2022	4Q	03	4569		LOCAL CORRECTIONS ASSISTANCE	32,000.00		33,617.40	-1,617.40	8,376.81
055	2022	4Q	03	4633		BOOKING FEES	54,000.00		36,556.47	17,443.53	
055	2022	4Q	03	4634		REIMBURSEMENT FROM JAIL	5,000.00	28,244.78	33,244.78		4,061.00
055	2022	4Q	03	4699		INMATE TRANSPORT FEES	2,000.00			2,000.00	
055	2022	4Q	03	4701		VENDING COMMISSION	150.00			150.00	
055	2022	4Q	03	4801		INTEREST EARNED	25.00		60.49	-35.49	12.42
055	2022	4Q	03	4901		SURPLUS FROM PRIOR YEARS			62,234.77	-62,234.77	
055	2022	4Q	03	4903		ADJUSTMENTS TO PRIOR YEAR SURPLUS					
055	2022	4Q	03	4909		TRANSFERS TO OTHER FUNDS					
055	2022	4Q	03	4910		TRANSFERS FROM OTHER FUNDS	726,015.65		897,751.85	-171,736.20	270,751.85
055	2022	4Q	04	4528		LGEA-COAL IMPACT		12,561.88	12,561.88		
055	2022	4Q	04	4529		MINERALS SEVERANCE TAX	64,578.00	53,500.00	118,168.96	-90.96	17,701.53
055	2022	4Q	04	4801		INTEREST	30.00		51.57	-21.57	10.20
055	2022	4Q	04	4901		SURPLUS FROM PRIOR YEAR	5,000.00		5,973.35	-973.35	
055	2022	4Q	04	4909		TRANSFERS TO OTHER FUNDS					
055	2022	4Q	04	4910		TRANSFERS FROM OTHER FUNDS					
055	2022	4Q	06	4504		CDBG	1,000.00	65,550.00	66,550.00		
055	2022	4Q	06	4510		STATE GRANTS	200,000.00	64,870.60	264,820.60		73,012.10

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**JACKSON COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2022**  
**(Continued)**

**Receipts File Text**  
**Jackson County Fiscal Court**

County	Year	FType	Fund	Major	Sfx	Description	Original Budget	Amendments	Received YTD	Undert/Over-	Received PTD
055	2022	4Q	06	4901		PRIOR YEAR SURPLUS			21,011.27	-21,011.27	
055	2022	4Q	06	4909		TRANSFER OUT	-201,000.00		-310,905.02	109,905.02	-124,905.02
055	2022	4Q	06	4910		TRANSFER IN			27,000.00	-27,000.00	27,000.00
055	2022	4Q	08	4542		CSEPP/EM GRANT	156,000.00	359,723.61	515,723.61		65,500.44
055	2022	4Q	08	4901		PRIOR YR CARRYOVER			38,569.71	-38,569.71	
055	2022	4Q	08	4909		TRANSFER TO GENERAL FUND			-17,000.00	17,000.00	-17,000.00
055	2022	4Q	08	4910		TRANSFER FROM OTHER FUNDS					
055	2022	4Q	12	4101		REAL PROPERTY	3,400.00		1,926.57	1,473.43	34.66
055	2022	4Q	12	4801		INTEREST	2.00		4.22	-2.22	1.44
055	2022	4Q	12	4901		PRIOR YR CARRYOVER	25.00		2,809.12	-2,784.12	
055	2022	4Q	12	4909		TRANSFER OUT					
055	2022	4Q	12	4910		TRANSFER IN					
055	2022	4Q	15	4510		STATE GRANTS	29,000.00			29,000.00	
055	2022	4Q	15	4603		TIPPING FEE	300,000.00	94,469.55	394,469.55		101,605.25
055	2022	4Q	15	4801		INTEREST	12.00		20.80	-8.80	6.75
055	2022	4Q	15	4901		PRIOR YR. CARRYOVER	500.00		13,409.95	-12,909.95	
055	2022	4Q	15	4909		TRANSFER OUT					
055	2022	4Q	15	4910		TRANSFER FROM OTHER FUNDS	75,488.00		92,000.00	-16,512.00	32,000.00
055	2022	4Q	84	4901		PRIOR YEAR SURPLUS		473,501.00	473,501.00		
055	2022	4Q	84	4909		TRANSFERS OUT TO OTHER FUNDS			-472,340.00	472,340.00	-18,500.00
055	2022	4Q	88	4562		CMRS WIRELESS RECEIPT	150,000.00	24,379.54	174,379.54		50,639.13
055	2022	4Q	88	4901		SURPLUS OF PRIOR YEAR			2,119.94	-2,119.94	
055	2022	4Q	88	4909		TRANSFER TO OTHER FUNDS	-150,000.00		-174,600.00	24,600.00	-50,600.00
055	2022	4Q	88	4910		TRANSFER FROM OTHER FUNDS					
							6,188,983.59	2,042,172.42	8,307,169.20	-76,013.19	1,597,724.20

**JACKSON COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2022**  
**(Continued)**

<b>Disbursements File Text</b>											
<b>Jackson County Fiscal Court</b>											
County	FYear	FType	Fund	Major	Minor	Sfx	Description	Orig. Budget	Amendments	Transfers	Free Bal.
055	2022	4Q	01	5001	101		COUNTY JUDGE/EXEC SALARY CRA	91,795.65		6,550.00	38.02
055	2022	4Q	01	5001	212		COUNTY JUDGE EXEC TRAINING FRINGE BEN	4,372.96		308.00	1.88
055	2022	4Q	01	5001	399		OTHER FEES	5,000.00		3,528.00	129.42
055	2022	4Q	01	5001	445		OFFICE SUPPLIES	2,000.00		(1,676.00)	1.97
055	2022	4Q	01	5001	551		MEMBERSHIPS	5,000.00		1,969.90	50.24
055	2022	4Q	01	5001	576		TRAVEL COUNTY JUDGE EXECUTIVE	2,000.00		(670.00)	9.97
055	2022	4Q	01	5005	101		COUNTY ATTORNEY SALARY	10,067.62		15.00	15.42
055	2022	4Q	01	5005	105		COUNTY ATTORNEY ASSISTANT SALARY	8,924.74		2,560.00	60.24
055	2022	4Q	01	5010	212		CLERKS TRAINING FRINGE BENEFITS	4,372.96		308.00	1.88
055	2022	4Q	01	5010	368		TAX BILLS PREPARATIONS	4,000.00		(29.00)	1.61
055	2022	4Q	01	5010	398		REAL ESTATE CONVEYANCES	100.00		(99.00)	1.00
055	2022	4Q	01	5015	103		SHERIFF DEPUTIES	38,521.60		10,000.00	80.00
055	2022	4Q	01	5015	106		SHERIFF OFFICE STAFF	33,280.00		2,100.00	71.62
055	2022	4Q	01	5015	212		SHERIFF TRAINING FRINGE BENEFITS	4,300.00		80.00	7.04
055	2022	4Q	01	5015	435		SHERIFF DEPARTMENT EXPENSES	10,000.00		33,400.00	79.86
055	2022	4Q	01	5020	101		CORONER	8,500.50			0.06
055	2022	4Q	01	5020	103		DEPUTIES OF CORONER	8,500.50		5,100.00	100.18
055	2022	4Q	01	5020	446		CORONER MATERIALS AND SUPPLIES	2,000.00		146.00	1.30
055	2022	4Q	01	5025	101		CO. MAGISTRATES SALARIES	99,864.24			0.06
055	2022	4Q	01	5025	167		FISCAL COURT CLERK SALARY	1,500.00		(1,470.00)	30.00
055	2022	4Q	01	5025	210		MAGISTRATES EXPENSE ALLOWANCE	7,200.00		(7,150.00)	50.00
055	2022	4Q	01	5025	212		MAGISTRATES TRAINING	8,500.00		7,700.00	133.88
055	2022	4Q	01	5030	367		P.V.A. STATUTORY CONTRIBUTION	15,230.00		200.00	69.00
055	2022	4Q	01	5035	191		BOARD OF ASSESSMENT APPEALS	800.00		(398.00)	2.00
055	2022	4Q	01	5040	102		COUNTY TREASURER - SALARY	47,798.03		2,500.00	228.43
055	2022	4Q	01	5040	104		FINANCE OFFICER	4,000.00		153.68	
055	2022	4Q	01	5040	106		COUNTY TREASURER/JUDGES STAFF	39,765.42		4,603.61	2,461.27
055	2022	4Q	01	5040	445		CO. TREASURER, OFFICE SUPPLIES	5,000.00		20,950.00	71.82
055	2022	4Q	01	5047	107		TAX ADMINISTRATOR	32,376.62		3,200.00	844.94
055	2022	4Q	01	5047	445		OFFICE MATERIALS & SUPPLIES	2,051.19		(1,190.00)	2.02
055	2022	4Q	01	5060	101		LAW LIBRARIAN - SALARY	600.00		(590.00)	10.00
055	2022	4Q	01	5065	192		ELECTION OFFICERS SALARIES/MILEAGE	5,000.00		9,393.75	
055	2022	4Q	01	5065	193		ELECTION COMMISSIONERS SALARIES	5,000.00		(90.00)	10.00

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**JACKSON COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2022**  
**(Continued)**

Disbursements File text Jackson County Fiscal Court													
County	Year	FType	Fund	Major	Minor	Sfx	Description	Orig. Budget	Amendments	Transfers	Tot. Avail.	Claims Paid	Free Bal.
055	2022	4Q	01	5065	302		ELECTION ADVERTISING	2,000.00		(1,500.00)	500.00	448.00	52.00
055	2022	4Q	01	5065	364		SETTING VOTING MACHINES	15,000.00		99,467.02	114,467.02	114,331.01	136.01
055	2022	4Q	01	5075	553		CVADO MEMBERSHIP	3,609.00		(3,600.00)	9.00		9.00
055	2022	4Q	01	5075	578		REGIONAL FOOD CENTER	3,000.00		5,444.00	8,444.00	7,891.77	552.23
055	2022	4Q	01	5076	902		INDUSTRIAL DEVELOPMENT AUTHORITY	1,800.00		1,900.00	3,700.00	3,233.60	466.40
055	2022	4Q	01	5080	175		JANITORIAL SERVICES SALARY	25,923.04		10,536.96	36,460.00	29,498.40	6,961.60
055	2022	4Q	01	5080	411		CUSTODIAL SUPPLIES	5,000.00		8,386.00	13,386.00	12,604.98	781.02
055	2022	4Q	01	5080	571		COURTHOUSE RENEWALS & REPAIRS	78,789.42	13,140.19	20,419.00	112,348.61	112,248.61	100.00
055	2022	4Q	01	5080	578		COURTHOUSE UTILITIES	120,000.00		57,810.00	177,810.00	174,081.94	3,728.06
055	2022	4Q	01	5085	185		JUDICIAL CENTER SALARIES	112,842.37		17,800.00	130,642.37	123,164.79	7,477.58
055	2022	4Q	01	5085	411		JUDICIAL CENTER CUSTODIAL SUPPLIES	10,000.00		(4,470.00)	5,530.00	5,440.69	89.31
055	2022	4Q	01	5085	571		JUDICIAL CENTER RENEWALS & REPAIRS	50,000.00		(20,987.00)	29,013.00	28,924.51	88.49
055	2022	4Q	01	5085	578		JUDICIAL CENTER UTILITIES	66,441.21		(13,000.00)	53,441.21	47,966.16	5,475.05
055	2022	4Q	01	5110	101		CONSTABLES	18,000.00			18,000.00	18,000.00	
055	2022	4Q	01	5135	107		EM DIRECTOR	52,000.00		585.00	52,585.00	52,503.20	81.80
055	2022	4Q	01	5135	159		DISPATCHERS	120,000.00		55,000.00	175,000.00	170,931.84	4,068.16
055	2022	4Q	01	5145	107		911 DIRECTOR	41,694.52		22,000.00	63,694.52	63,570.20	124.32
055	2022	4Q	01	5145	322		EM COUNTY SHARE	1,100.00			1,100.00	57.57	1,042.43
055	2022	4Q	01	5145	420		911 DISPATCHING SUPPLIES AND SERVICE	112,000.00	8,612.69	(29,853.00)	90,759.69	87,250.16	3,509.53
055	2022	4Q	01	5205	102		DOG WARDEN	9,384.00		1,370.00	10,754.00	9,039.82	1,714.18
055	2022	4Q	01	5205	384		SPAY AND NEUTER	2,000.00		100.00	2,100.00	2,059.90	40.10
055	2022	4Q	01	5205	403		DOG CONTROL SUPPLIES AND FEES	7,000.00		14,797.17	21,797.17	21,395.98	401.19
055	2022	4Q	01	5401	107		SEASONAL HELP	20,000.00		9,077.00	29,077.00	28,666.40	410.60
055	2022	4Q	01	5401	467		PARKS AND RECREATION	29,921.62		17,195.00	47,116.62	41,522.65	5,593.97
055	2022	4Q	01	5420	548		TOURISM/JACKSON CO FAIR	8,000.00		102,370.00	110,370.00	110,368.00	2.00
055	2022	4Q	01	7700	602		PRINCIPLE ON LEASE	142,083.35	12,083.34	(11,883.38)	142,283.31	142,083.31	200.00
055	2022	4Q	01	7700	606		INTEREST ON LEASE	75,922.11	6,837.63	2,116.56	84,876.30	84,676.30	200.00
055	2022	4Q	01	8011	566		STATE GRANTS	20,000.00		(13,200.00)	6,800.00	6,737.00	63.00
055	2022	4Q	01	9100	201		SOCIAL SECURITY			19.84	19.84	19.84	
055	2022	4Q	01	9100	302		GENERAL SERVICE ADVERTISING	8,000.00		12,099.85	20,099.85	19,993.85	106.00
055	2022	4Q	01	9100	307		STATE AUDITING SERVICES	64,327.10		(1,490.00)	62,837.10	62,834.79	2.31
055	2022	4Q	01	9100	503		BANK CHARGES	80.00			80.00		80.00
055	2022	4Q	01	9100	521		INSURANCE	175,000.00		23,620.14	198,620.14	188,945.13	9,675.01

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**JACKSON COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2022**  
**(Continued)**

**Disbursements File Text**

**Jackson County Fiscal Court**

County	Year	FType	Fund	Major	Minor	Sub	Description	Orig. Budget	Amendments	Transfers	Tot. Avail.	Claims Paid	Free Bal.
055	2022	4Q	01	9100	531		BONDS INSURANCE	5,000.00		(2,580.00)	2,420.00	2,281.33	138.67
055	2022	4Q	01	9100	555		KACO DUES	800.00		(750.00)	50.00		50.00
055	2022	4Q	01	9200	999		RESERVE FOR TRANSFERS	5,000.00	348,311.32	(353,090.00)	221.32		221.32
055	2022	4Q	01	9300	999		BUDGET APPROPRIATION TO OTHER FUND	1,000.00		(998.00)	2.00		2.00
055	2022	4Q	01	9400	202		RETIREMENT, CO. MATCH	310,000.00	9,078.86	160,100.00	479,178.86	479,178.86	
055	2022	4Q	01	9400	205		EMPLOYEE HEALTH INSURANCE	80,000.00	12,628.50		92,628.50	92,628.50	
055	2022	4Q	01	9400	208		UNEMPLOYMENT COMPENSATION INSURANCE	12,000.00		95,660.00	107,660.00	107,651.88	8.12
055	2022	4Q	01	9400	209		WORKMAN'S COMPENSATION	70,000.00		(69,995.00)	5.00		5.00
055	2022	4Q	01	9400	211		MEDICARE MATCH	19,000.00		78,300.00	97,300.00	97,230.47	69.53
055	2022	4Q	02	5025	210		MAGISTRATES EXPENSE	7,200.00			7,200.00	7,200.00	
055	2022	4Q	02	6100	481		UNIFORMS	11,000.00		(1,400.00)	9,600.00	9,529.85	70.15
055	2022	4Q	02	6103	102		ROAD SUPERVISOR SALARY	39,800.00		6,000.00	45,800.00	45,493.60	306.40
055	2022	4Q	02	6103	578		UTILITIES	6,000.00		9,100.00	15,100.00	10,969.21	4,130.79
055	2022	4Q	02	6105	143		ROAD WORKERS SALARIES	389,160.00	50,000.00	(38,100.00)	401,060.00	401,038.25	21.75
055	2022	4Q	02	6105	310		CONTRACTED CONSTRUCTION OF BRIDGES	20,000.00		6,000.00	26,000.00	25,539.65	460.35
055	2022	4Q	02	6105	336		EQUIPMENT MAINTENANCE	255,252.69	68,809.21	(81,000.00)	243,061.90	242,425.28	636.62
055	2022	4Q	02	6105	405		ASPHALT PATCHING	322,328.44	132,991.00	(19,200.00)	436,119.44	435,914.91	204.53
055	2022	4Q	02	6105	447		ROAD MATERIALS	224,075.56		103,428.03	327,503.59	325,333.97	2,169.62
055	2022	4Q	02	7700	602		PRINCIPAL ON LEASE	85,833.31		(2,500.00)	83,333.31	82,499.98	833.33
055	2022	4Q	02	7700	606		INTEREST ON LEASE	21,520.09			21,520.09	21,215.52	304.57
055	2022	4Q	02	9100	521		INSURANCE	17,883.08		(17,600.00)	283.08	240.80	42.28
055	2022	4Q	02	9200	999		RESERVE FOR TRANSFERS	5,000.00		(5,000.00)			
055	2022	4Q	02	9400	202		RETIREMENT, COUNTY MATCH	92,000.00		22,250.00	114,250.00	113,215.35	1,034.65
055	2022	4Q	02	9400	205		EMPLOYEE HEALTH INSURANCE	18,000.00		8,900.00	26,900.00	26,750.80	149.20
055	2022	4Q	02	9400	208		UNEMPLOYMENT	4,000.00		(3,000.00)	1,000.00		1,000.00
055	2022	4Q	02	9400	209		WORKERS' COMPENSATION	18,960.00		(18,500.00)	460.00	100.00	360.00
055	2022	4Q	02	9400	211		MEDICARE TAX	6,000.00		5,000.00	11,000.00	6,444.12	4,555.88
055	2022	4Q	02	9500	902		SCHOOL DIST TIMBER SALES	5,000.00		60,100.00	65,100.00	64,404.60	695.40
055	2022	4Q	03	5101	101		JAILERS SALARY	91,795.65		340.00	92,135.65	92,124.84	10.81
055	2022	4Q	03	5101	103		JAIL PERSONNEL SALARIES	560,000.00	231,173.50	48,000.00	839,173.50	839,048.96	124.54
055	2022	4Q	03	5101	179		PART TIME HELP	100,000.00		(14,000.00)	86,000.00	76,827.14	9,172.86
055	2022	4Q	03	5101	212		JAILERS TRAINING FRINGE BEN	6,400.00		(1,700.00)	4,700.00	4,679.08	20.92
055	2022	4Q	03	5101	242		CONTRACTUAL MEDICAL SERVICES	200,000.00		44,000.00	244,000.00	235,331.66	8,668.34

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**JACKSON COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2022**  
**(Continued)**

Disbursements File Text Jackson County Fiscal Court											
County	Year	Type	Fund	Major	Minor	Sub	Description	Orig. Budget	Amendments	Transfers	Free Bal.
055	2022	4Q	03	5101	366		TRASH	1,000.00			731.80
055	2022	4Q	03	5101	398		CONTRACTED SERVICES	2,700.00		8,574.00	1,093.44
055	2022	4Q	03	5101	399		MISCELLANEOUS CONTRACTUAL SERVICES	2,500.00		3,218.00	1.61
055	2022	4Q	03	5101	406		BUILDING MAINTENANCE SUPPLIES	17,000.00		(3,400.00)	4,634.56
055	2022	4Q	03	5101	411		CUSTODIAL SUPPLIES	5,000.00		11,600.00	62.72
055	2022	4Q	03	5101	417		SUPPLIES	27,000.00		15,000.00	428.06
055	2022	4Q	03	5101	425		FOOD	232,000.00		44,000.00	2,271.65
055	2022	4Q	03	5101	437		LINENS	5,000.00		(4,900.00)	100.00
055	2022	4Q	03	5101	443		JAIL MOTOR VEHICLE PARTS	3,000.00			118.85
055	2022	4Q	03	5101	445		OFFICE SUPPLIES	12,000.00		(2,900.00)	390.49
055	2022	4Q	03	5101	481		STAFF UNIFORMS	2,000.00		1,215.00	1.80
055	2022	4Q	03	5101	551		MEMBERSHIPS	1,000.00		501.00	1.00
055	2022	4Q	03	5101	569		REG. CONF. & TRAINING	1,000.00		917.87	
055	2022	4Q	03	5101	573		TELEPHONE	3,500.00		(3,400.00)	100.00
055	2022	4Q	03	5101	578		UTILITIES	124,000.00		(30,400.00)	642.30
055	2022	4Q	03	5102	314		JUVENILE, CONTRACTS WITH OTHER COUNT	200.00			200.00
055	2022	4Q	03	9100	365		SECURITY SERVICES	1,500.00		(1,400.00)	100.00
055	2022	4Q	03	9100	525		INSURANCE, BUILDINGS	1,000.00			960.00
055	2022	4Q	03	9100	531		BONDS	1,000.00			1,000.00
055	2022	4Q	03	9200	999		RESERVE FOR TRANSFER	10,000.00		(9,938.00)	62.00
055	2022	4Q	03	9400	201		SOCIAL SECURITY			58.00	8.40
055	2022	4Q	03	9400	202		RETIREMENT, COUNTY SHARE	150,000.00		128,000.00	68,270.87
055	2022	4Q	03	9400	205		HEALTH INSURANCE	12,000.00		26,456.00	170.96
055	2022	4Q	03	9400	208		UNEMPLOYMENT	1,000.00		(1,000.00)	
055	2022	4Q	03	9400	209		WORKERS COMPENSATION	200.00			80.00
055	2022	4Q	03	9400	211		MEDICARE MATCH	11,000.00		7,800.00	4,284.33
055	2022	4Q	04	5120	348		FIRE DEPARTMENTS	7,500.00		(7,400.00)	100.00
055	2022	4Q	04	5175	903		MANDATED PROGRAM SUPPORT	14,508.00	66,061.88	20,000.00	1,019.28
055	2022	4Q	04	5211			SOLID WASTE TRANSFER	5,000.00		(5,000.00)	
055	2022	4Q	04	5305	314		SENIOR CITIZENS	21,600.00		300.00	300.00
055	2022	4Q	04	6105	143		ROAD WORKERS				
055	2022	4Q	04	6105	447		COAL HAUL ROADS				
055	2022	4Q	04	6106			LGEA ROAD MAINTENANCE	20,000.00		(19,900.00)	100.00

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**JACKSON COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2022**  
**(Continued)**

**Disbursements File Text**  
**Jackson County Fiscal Court**

County	Year	FType	Fund	Major	Minor	Stx	Description	Orig. Budget	Amendments	Transfers	Tot. Avail.	Claims Paid	Free Bal.
055	2022	4Q	04	9200	999		RESERVE FOR TRANSFER	1,000.00		(900.00)	100.00		100.00
055	2022	4Q	04	9400	201		SOCIAL SECURITY						
055	2022	4Q	04	9400	202		RETIREMENT						
055	2022	4Q	04	9400	211		MEDICARE MATCH						
055	2022	4Q	06	8099	548		OTHER CAPITAL PROJECTS		82,370.60	(31,000.00)	51,370.60	51,250.00	120.60
055	2022	4Q	06	9200	999		RESERVE FOR TRANSFER		48,000.00	(47,000.00)	1,000.00		1,000.00
055	2022	4Q	08	5135	420		CSEPP/DES EXPENSES	118,646.00	359,723.61	(148,500.00)	329,869.61	329,082.31	787.30
055	2022	4Q	08	5135	573		CSEPP/EM TELEPHONE COST	21,854.00		(1,000.00)	20,854.00	20,615.94	238.06
055	2022	4Q	08	5135	581		CSEPP/EM WATER	1,500.00			1,500.00	520.68	979.32
055	2022	4Q	08	5135	582		CSEPP/EM ELECTRIC	14,000.00		(1,500.00)	12,500.00	12,304.30	-195.70
055	2022	4Q	12	5150	902		FORESTRY PAYMENTS	3,427.00		10,000.00	13,427.00	3,493.00	9,934.00
055	2022	4Q	15	5210	161		SALARIES	125,000.00		(3,000.00)	122,000.00	121,123.60	876.40
055	2022	4Q	15	5210	366		TIPPING FEE	160,000.00		25,599.00	185,599.00	185,582.92	16.08
055	2022	4Q	15	5210	399		TRANSPORTATION COST	6,000.00		3,100.00	9,100.00	9,091.75	8.25
055	2022	4Q	15	5211	446		MATERIAL & SUPPLIES	32,000.00		20,000.00	52,000.00	46,780.56	5,219.44
055	2022	4Q	15	5212	185		TRASH CONTROL	15,000.00	94,469.55		109,469.55	76,964.57	32,504.98
055	2022	4Q	15	5212	468		LITTER ABATEMENT CLEANUP	30,000.00		(11,300.00)	18,700.00	18,684.73	15.27
055	2022	4Q	15	5217	468		RECYCLING	5,000.00		(1,000.00)	4,000.00	3,000.00	1,000.00
055	2022	4Q	15	9400	201		SOCIAL SECURITY						
055	2022	4Q	15	9400	202		MATCH RETIREMENT	30,000.00		3,600.00	33,600.00	29,816.69	3,783.31
055	2022	4Q	15	9400	205		INSURANCE			1,000.00	1,000.00	140.16	859.84
055	2022	4Q	15	9400	211		MATCH MEDICARE	2,000.00			2,000.00	1,849.09	150.91
055	2022	4Q	84	9200	999		RESERVE FOR TRANSFERS		473,501.00	(473,400.00)	101.00	20.00	81.00
055	2022	4Q	88	5135	106		DISPATCHERS						
055	2022	4Q	88	5140	303		AMBULANCE SERVICE						
055	2022	4Q	88	5145	741		CMRS EQUIPMENT AND SUPPLIES		24,379.54	(24,000.00)	379.54		379.54
								<b>6,188,983.59</b>	<b>2,042,172.42</b>		<b>8,231,156.01</b>	<b>7,992,407.78</b>	<b>238,748.23</b>

**JACKSON COUNTY**  
**FOURTH QUARTER FINANCIAL STATEMENT**  
**For The Year Ended June 30, 2022**  
**(Continued)**

<b>Long-Term Liabilities File Text</b>													
<b>Jackson County Fiscal Court</b>													
County	Fund	Principal / Interest			Term	Rate	Issued	NextPmt	FinalPmt	Principal	Interest	Total Issue	Prin. Bal.
FYear	FType	Major	Minor	Suffix	Description								Int. Bal.
													Reserve
055	01	7700	602		28		20111201	20210601	20390630	3,330,000.00	823,644.15	4,153,644.15	3,085,833.30
2022	4Q	7700	606										773,989.63
													3,859,822.93
055	01	7700	602		12	2	20151029	20200101	20190101	7,360,000.00	1,472,000.00	8,832,000.00	7,195,000.00
2022	4Q	7700	606										1,439,000.00
													8,634,000.00
055	02	7700	602		6.3	3.31	20181115	20220620	20281228	470,000.00	140,263.60	610,263.60	317,500.08
2022	4Q	7700	606										63,277.68
													380,777.76
										11,160,000.00	2,435,907.75	13,595,907.75	10,598,333.38
													2,276,267.31
													12,874,600.69

# JACKSON COUNTY JAIL COMMISSARY FINANCIAL STATEMENT

For The Year Ended June 30, 2022

From Jackson Co Detention

10/28/2020

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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, 2021

\$ 99,300.76

Plus receipts for fiscal year:

Inmate Pay State

Inmate Account

Sales Vending Machine

Sales Commissary → Deposits →

Other Receipts camp labor deposits →

313,127.21  
8,956.08

B. Total Receipts

\$ 322,083.29

C. Total Funds Available (A + B)

\$ 421,390.05

Less Expenditure for Fiscal Year:

Worth release

Payroll

Entertainment Expense

GED / MPT

Other Expenses

Commissary

31,901.22  
16,494.32  
1,054.12  
12,100.00  
30,360.20  
129,748.89

D. Total Expenditures

\$ 221,859.25

E. Cash Balance as of June 30th 2022

\$ 199,530.80

## RECONCILIATION

F. Bank Balance

G. Plus Deposits in Transit

200,434.60

H. Less Checks Outstanding

0

I. Other:

- 903.80

J. Reconciled Bank Balance As Of:

June 30th 2022

(Sum of F through I)

199,530.80

\$ 199,530.80

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**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, 2022, 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 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 2022-001, 2022-002, 2022-003, 2022-004, 2022-005, 2022-006, 2022-007, 2022-008, 2022-009, 2022-010, 2022-011, 2022-012, and 2022-013 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's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2022-001, 2022-002, 2022-003, 2022-004, 2022-005, 2022-006, 2022-007, 2022-008, 2022-009, 2022-010, 2022-011, 2022-012, and 2022-013. 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, 2022**

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**JACKSON COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES**

**For The Year Ended June 30, 2022**

FINANCIAL STATEMENT FINDINGS:

2022-001 The Jackson County Fiscal Court Failed To Implement A Strong Internal Control System

---

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 did not accurately report financial information on the annual financial statement and fourth quarter financial report as reported in finding 2022-002.
- The Jackson County Fiscal Court did not establish and maintain effective internal controls over financial reporting of federal awards as reported in finding 2022-004.
- The Jackson County Fiscal Court lacks proper controls and oversight over bank reconciliations as reported in finding 2022-005.
- The Jackson County Fiscal Court did not have proper controls over transfers as reported in finding 2022-006.
- The Jackson County Fiscal Court does not have adequate procedures for reporting county liabilities as reported in finding 2022-007.
- The Jackson County Fiscal Court lacks internal controls over disbursements as reported in finding 2022-008.
- The Jackson County Fiscal Court lacks internal controls over occupational tax as reported in finding 2022-009.
- The Jackson County Fiscal Court lacks internal controls over transfer station receipts and deposits as reported in finding 2022-010.
- The Jackson County Fiscal Court did not have adequate controls over payroll processing as reported in finding 2022-011.

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, 2022**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-001 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 functions 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 account 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.*

2022-002 The Jackson County Fiscal Court Did Not Accurately Report Financial Information On The Annual Financial Statement And The Fourth Quarter Financial Report

---

The Jackson County Fiscal Court's annual financial statement and the fourth quarter financial report contained the following errors:

- The annual financial statement did not include a complete listing of disbursements for each vendor.
- The General Fund was misstated by \$5,049 due to the balance of a certificate of deposit being omitted from the final balance reported on the financial statements.
- An emergency budget amendment approved on July 14, 2022, totaling \$927,821 was included on the annual financial statement and the fourth quarter financial report, overstating allowed receipts and disbursements by the emergency amendment amount which prevented line items from exceeding the properly approved budget.
- The fiscal court failed to report encumbrances as required.

On April 14, 2022, the Jackson County Fiscal Court approved an emergency budget amendment that increased receipts and disbursements by \$473,501. In addition, on July 14, 2022, the Jackson County Fiscal Court approved a second emergency budget amendment that increased the budget by \$927,821, which was allocated to eight of the county's funds. The fiscal court did not declare an emergency prior to approving the emergency budget amendment and the amendments were not approved by DLG. Based upon review of the fiscal court minutes and supporting documentation, these amendments did not appear to be for an actual emergency.

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.

**JACKSON COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2022  
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-002 The Jackson County Fiscal Court Did Not Accurately Report Financial Information On The Annual Financial Statement And The Fourth Quarter Financial Report (Continued)

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 has 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.

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*. According to the manual, "[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 State Local Finance Officer approval of all amendments to a county budget.

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

KRS 424.220(2) states, "[t]he statement shall show: (a) The total amount of funds collected and received during the fiscal year from each individual source; and (b) The total amount of funds disbursed during the fiscal year to each individual payee. The list shall include only aggregate amounts to vendors exceeding one thousand dollars (\$1,000)."

Strong internal controls over financial reporting are vital in ensuring the fiscal court's financial reports accurately reflect the financial activity of the fiscal court. These controls should include an individual independent of the day-to-day accounting functions reviewing the financial reports for compliance with reporting requirements.

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. We further recommend the fiscal court review the statutes and DLG's *County Budget Preparation and State Local Finance Officer Policy Manual* associated with the use of budget amendment and implement policies and procedures to ensure emergency budget amendments are only used when a true emergency exists and has been declared in accordance with KRS 67.078(2). The fiscal court should monitor budgeted and actual expenditures at all times in order to comply with statutory requirements.

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.*

**JACKSON COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2022**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-003 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 report as finding 2021-003. 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 to no documented review.

Per the county judge/executive, a limited budget places restrictions 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, creates 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 internal controls and segregation of duties over these areas:

- The Jackson County Fiscal Court did not accurately report financial information on the annual financial statement and the fourth quarter financial report as reported in finding 2022-002.
- The Jackson County Fiscal Court did not establish and maintain effective internal controls over financial reporting of federal awards as reported in finding 2022-004.
- The Jackson County Fiscal Court lacks proper controls and oversight over bank reconciliations as reported in finding 2022-005.
- The Jackson County Fiscal Court did not have proper controls over transfers as reported in finding 2022-006.
- The Jackson County Fiscal Court does not have adequate procedures for reporting county liabilities as reported in finding 2022-007.
- The Jackson County Fiscal Court lacks internal controls over disbursements as reported in finding 2022-008.
- The Jackson County Fiscal Court lacks internal controls over occupational tax as reported in finding 2022-009.
- The Jackson County Fiscal Court lacks internal controls over transfer station receipts and deposits as reported in finding 2022-010.
- The Jackson County Fiscal Court did not have adequate controls over payroll processing as reported in finding 2022-011.

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.



**JACKSON COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2022  
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-003 The Jackson County Fiscal Court Lacks Adequate Segregation Of Duties Over The Accounting Functions (Continued):

---

We recommend 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 the preparation of reports and reconciliations. If this is not feasible due to a limited budget, strong oversight over these areas should occur and involve an employee who is not currently performing any of those functions. This compensating control should be documented by initialing all source documentation. Additionally, the county judge/executive could provide this oversight and document it on the appropriate source documents by initialing.

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.*

2022-004 The Jackson County Fiscal Court Did Not Establish And Maintain Effective Internal Controls Over Financial Reporting Of Federal Awards

---

When auditors began the audit, the county prepared a Schedule of Expenditures of Federal Awards (SEFA) for fiscal year 2022. The original SEFA prepared by the county reported federal expenditures totaling \$813,950. The SEFA included items that were not paid with federal grants, such as expenditures paid with Commercial Mobile Radio Service fees, and understated other expenditures, such as those paid with funds from the Chemical Stockpile Emergency Preparedness program grant funds. The county emergency manager then revised the SEFA and reported federal expenditures totaling \$897,671.

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 and understated federal expenditures. The county revised the SEFA during the course of the audit to include additional federal expenditures that were previously left off the initial SEFA and removed items that were not actual qualifying federal receipts or expenditures.

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.
- (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.

**JACKSON COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2022**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-004 The Jackson County Fiscal Court Did Not Establish And Maintain Effective Internal Controls Over Financial Reporting Of Federal Awards (Continued)

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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.*

2022-005 The Jackson County Fiscal Court Lacks Proper Controls And Oversight Over Bank Reconciliations

---

The following issues were noted during the review of the bank accounts maintained by the fiscal court.

- Bank reconciliations as of June 30, 2022, prepared by the Jackson 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.
- The reconciled balance of the Payroll Revolving Account was negative \$32,009 as of June 30, 2022, per the fiscal court's reconciliation.
- The fiscal court also transferred two lump sum payments from the General Fund to the Payroll Revolving Account totaling \$70,000 to maintain the account.
- The Jail Fund Account was not properly reconciled. The reconciled balance of the Jail Fund Account was negative \$34,203 as of June 30, 2022.
- Receivables from the Payroll Revolving Account totaling \$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 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, the lack of controls and oversight has allowed two accounts to have a negative balance at the end of the fiscal year.

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 the fiscal year ending June 30, 2022. Without proper procedures and controls in place, the fiscal court increases its exposure to fraud, errors that go undetected, inaccurate reporting of available cash to conduct its daily business, risk of 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 \$32,009 which could indicate inaccurate payments are being made out of the account. The fiscal court also did not have accurate financial information in order to plan for the subsequent fiscal year.

**JACKSON COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2022  
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-005 The Jackson County Fiscal Court Lacks Proper Controls And Oversight Over Bank Reconciliations  
(Continued)

---

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."

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 Account and Payroll Revolving Account 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.*

2022-006 The Jackson County Fiscal Court Did Not Have Proper Controls Over Transfers

---

The county treasurer made 57 interfund transfers during fiscal year 2022. Of the 57 transfers, four transfers received approval after the transfer was issued and made and two transfers were approved to be deposited into the Jail Fund were erroneously deposited into the Special Grant Fund instead.

The county treasurer transferred funds before approval due to timing issues in an attempt to avoid late payment fees and penalties that would have incurred if she had waited until the next upcoming fiscal court meeting. 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.

KRS 68.290 states, "[t]he fiscal court may transfer money from one (1) budget fund to another to provide for emergencies or increases or decreases in county employment pursuant to KRS 64.530(4). The order of the fiscal court making the transfer shall show the nature of the emergency or personnel increase or decrease and the reason for making the transfer."

**JACKSON COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2022**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-006 The Jackson County Fiscal Court Did Not Have Proper Controls Over Transfers (Continued)

The fiscal court shall not have any power to transfer money from any sinking fund or special fund raised for a specific purpose until the obligation or purpose for which the fund was raised has been satisfied.”

According to page 73 of the DLG’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: The official did not provide a response.*

2022-007 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 2021-001. 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 overstated by \$2,331,250 for principal balances and \$1,025,497 for interest balances due as of June 30, 2022.

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 yearend 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 Jail was refinanced in another Fiscal Year and was not accurately reported. We have since corrected the issue.*

**JACKSON COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2022**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-008 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 2021-002. Auditors tested 293 regular disbursements, three credit card transactions, and two payroll disbursements with the following issues noted:

- Fifty-one 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 \$280,120.
- Seventeen disbursements totaling \$356,242 were not presented to the fiscal court before being paid.
- Forty disbursements were not paid within 30 working days of receiving the invoice, 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. These disbursements totaled \$628,289.
- Seventeen disbursements requiring bids were not properly bid. These disbursements totaled \$115,865.
- Food service for the detention center was not properly bid. The County Judge/Executive presented a contract with a vendor during a fiscal court meeting in 2014. The contract was for a three-year term and annually renewed thereafter.
- Two disbursements were made to vendors of projects that were never advertised in the newspaper.
- One disbursement made through the state price contract did not include a copy of the state price contract to verify specifications were met.
- One disbursement tested under bid requirements did not agree to the bid submitted.
- One credit card transaction could not be determined to be an obligation of the fiscal court as there was no supporting documentation. The transaction has not been recorded and auditors could not verify it had been paid.
- Auditors noted \$4,215 in finance charges and reactivation fees accrued during the fiscal year.
- One invoice included \$2,252 in finance charges.
- None of the 298 disbursements tested had a purchase order issued.
- The purchase order system used by the fiscal court is materially inaccurate and not properly used.
- The fiscal court did not have an accurate encumbrance list.

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 lacked an understanding of the function of the purchase order system and how to properly utilize the purchase order system.

The fiscal court's failure to establish effective internal controls over disbursements resulted in numerous instances of noncompliance reflected above. The issues noted above could result in line-items being over budget, claims being paid which are not valid obligations of the fiscal court, inaccurate reporting, and misappropriation of assets. Furthermore, by not tracking encumbrances properly, the fiscal court could exceed cash balances available which could result in negative fund balances.

**JACKSON COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2022**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-008 The Jackson County Fiscal Court Lacks Internal Controls Over Disbursements (Continued)

KRS 68.210 gives the State Local Finance Officer the authority to prescribe a uniform system of accounts. The *County Budget Preparation and State Local Finance Officer Policy Manual* presents requirements for counties handling of disbursements, including:

- 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.”

In Funk v. Milliken, 317 S. W. 2d 499 (Ky. 1958), Kentucky’s highest court ruled that county fee officials’ disbursements of public funds will be allowed only if they are necessary, adequately documented, reasonable in amount, beneficial to the public, and not primarily personal in nature.

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. 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.

**JACKSON COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2022**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-008 The Jackson County Fiscal Court Lacks Internal Controls Over Disbursements (Continued)

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.*

2022-009 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 2021-004. 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. It was further noted that the funds held in the Occupational Tax Account were not included on the quarterly report. In addition, 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.

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 daily and being supported by receipt documentation, it is unlikely that the treasurer would be able to determine if amounts being transferred are complete or accurate. In addition, there is no way to determine if the occupational tax funds being collected are being spent as required by the county's ordinance.

KRS 68.210 gives the State Local Finance Officer 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.

**JACKSON COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2022**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-009 The Jackson County Fiscal Court Lacks Internal Controls Over Occupational Tax (Continued)

In addition, we recommend the county obtain a copy of the original ordinance and ensure the occupational taxes collected are being appropriately allocated.

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.*

2022-010 The Jackson County Fiscal Court Lacks Internal Controls Over Transfer Station Receipts And Deposits

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 were not collected for haulers. Two invoices chosen for testing did not use the correct rate.
- Deposits were not made timely. Three deposits were not made within 3 business days of collection.
- Accounts receivables were not accounted for properly. Five charged receipts were not recorded as accounts receivable and an additional two charged receipts were never shown as paid. Seven charged receipts could not be located.
- Receipts were not batched daily. One deposit included a receipt from a prior day.
- Cash and checks on the daily recap of receipts could not be matched to the individual receipts. Eleven receipts were not marked as either cash, check, or charge.
- Proper review of collections was not documented when 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 that the employee 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, 2022**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-011 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 2021-005. 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.
- Compensatory and vacation time were not properly calculated. One employee erroneously had 16 vacation hours deducted from his/her balance. Another had four vacation and four personal hours deducted from his/her balance that were not used.
- The fiscal court is not keeping track of transfer station employees' compensatory time.
- One employee tested at the transfer station is only receiving four hours per holiday.
- One employee was paid for four hours not worked.
- Health insurance deductions were not accurate. Of the five employees tested during the month of December 2021, all five were overcharged or undercharged for their health, dental, and vision plans.
- One employee received an employee and spouse health insurance plan costing \$2,278 in monthly premiums for the months of October 2021 through April 2022 without paying his/her portion of the premium due.
- One employee's time sheet was not approved.
- Twenty employees have exceeded the authorized leave balance approved in the county's administrative code.
- The Jackson County Fiscal Court did not pay the Kentucky Department of Revenue for state income tax withheld from employees in a timely manner. January 2022 state taxes were not paid until March 2024. The fiscal court paid penalties and interest totaling \$7,596 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 2022-005 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.

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."

**JACKSON COUNTY**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For The Year Ended June 30, 2022**  
**(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-011 The Jackson County Fiscal Court Did Not Have Adequate Controls Over Payroll Processing  
 (Continued)

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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 of the Department of Workplace Standards] requires.”

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. We further 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.*

2022-012 The Jackson County Detention Center Did Not Have Strong Internal Controls Over The Accounting Function

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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 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 the commissary receipts, the following issues related to the commissary disbursements were noted:

**JACKSON COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2022  
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-012 The Jackson County Detention Center Did Not Have Strong Internal Controls Over The Accounting Function (Continued)

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- Three of 10 commissary disbursements selected for testing were not paid timely.
- One of the 10 commissary disbursements selected for testing was paid per a vendor statement and was not supported by individual invoices.
- The jailer purchased nicotine products for use as commissary inventory from one vendor totaling \$68,711 in fiscal year ending June 30, 2022, without obtaining bids.

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 no advertisement 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* requires “[d]aily 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 theft. The manual further states, “[c]hecks should be issued for all expenditures made.”

KRS 65.140(2) requires the county to pay vendor invoices within 30 working days.

At the time relevant to this 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 competitive 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.*

**JACKSON COUNTY  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Year Ended June 30, 2022  
(Continued)**

FINANCIAL STATEMENT FINDINGS: (Continued)

2022-013 The Jackson County Detention Center's Inmate Account Was Not Properly Reconciled

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The Jackson County jailer used a separate bank account to hold inmate funds. As of June 30, 2022, the Inmate Account had a balance of \$69,874. Per the inmate accounts payable report, the inmate balance should have been \$20,590 as of June 30, 2022. Removing these items and the \$6,623 of uncleared liabilities from the fiscal year-end balance would leave an unexplained overage due to the commissary account of \$42,661.

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 taxes 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. 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.

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.

Due to the nature of the account, only the funds belonging to the inmates should be maintained in the account. Inmate reports can be used to ensure all funds are properly accounted for by comparing the report to the balance in the bank account. The reconciled balance each month of the inmate account should agree to the month end reports.

We recommend reconciling the Inmate Account to a zero-ending cash balance each month and review 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.

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, 2022**

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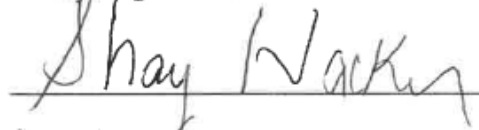
CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE  
COUNTY FISCAL COURT

For The Year Ended June 30, 2022

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