

**REPORT OF THE AUDIT OF THE  
JACKSON COUNTY  
SHERIFF'S SETTLEMENT - 2023 TAXES**

**For The Period  
September 1, 2023 Through August 31, 2024**



**ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS  
[auditor.ky.gov](http://auditor.ky.gov)**

**209 ST. CLAIR STREET  
FRANKFORT, KY 40601-1817  
TELEPHONE 502.564.5841  
FACSIMILE 502.564.2912**



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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  
The Honorable Daniel Isaacs, Jackson County Sheriff  
Members of the Jackson County Fiscal Court

**Report on the Audit of the Financial Statement**

**Opinions**

We have audited the accompanying Jackson County Sheriff's Settlement - 2023 Taxes for the period September 1, 2023 through August 31, 2024 - Regulatory Basis, and the related notes to the financial statement, which collectively comprise the Jackson County Sheriff's financial statement as listed in the table of contents.

*Unmodified Opinion on Regulatory Basis of Accounting*

In our opinion, the accompanying financial statement presents fairly, in all material respects, the taxes charged, credited, and paid for the period September 1, 2023 through August 31, 2024 of the Jackson County Sheriff, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

*Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statement does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the taxes charged, credited, and paid of the Jackson County Sheriff, for the period September 1, 2023 through August 31, 2024.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Audit Program for Sheriffs' Tax Settlements*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Jackson County Sheriff and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



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  
 The Honorable Daniel Isaacs, Jackson County Sheriff  
 Members of the Jackson County Fiscal Court

## **Basis for Opinions (Continued)**

### *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles*

As described in Note 1 of the financial statement, the financial statement is prepared by the Jackson County Sheriff on the basis of accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

## **Responsibilities of Management for the Financial Statement**

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Jackson County Sheriff's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statement**

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not an absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Jackson County Sheriff's internal control. Accordingly, no such opinion is expressed.

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  
The Honorable Daniel Isaacs, Jackson County Sheriff  
Members of the Jackson County Fiscal Court

**Auditor's Responsibilities for the Audit of the Financial Statement (Continued)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Jackson County Sheriff's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant 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 April 25, 2025, on our consideration of the Jackson County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Sheriff's internal control over financial reporting and compliance.

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

- |          |   |
|----------|---|
| 2023-001 | The Jackson County Sheriff's Office Did Not Have Adequate Segregation Of Duties Over Receipts And Disbursements     |
| 2023-002 | The Jackson County Sheriff's Office Did Not Prepare Daily Checkouts Or Make Daily Deposits                          |
| 2023-003 | The Jackson County Sheriff Has Not Settled The 2023 Tax Account   |
| 2023-004 | The Jackson County Sheriff's Office Did Not Accurately Pay Commissions, Add-On Fees, Or Interest To The Fee Account |

Respectfully submitted,



Allison Ball  
Auditor of Public Accounts  
Frankfort, Ky

April 25, 2025

JACKSON COUNTY  
DANIEL ISAACS, SHERIFF  
SHERIFF'S SETTLEMENT - 2023 TAXES

For The Period September 1, 2023 Through August 31, 2024

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 196,164	\$ 1,227,627	\$ 1,801,687	\$ 344,041
Tangible Personal Property	11,091	79,312	106,307	65,455
Fire Protection	2,222			
Franchise Taxes	36,927	261,771	352,853	
Additional Billings	10	64	95	18
Mineral Charges - Current Year	306	1,914	2,815	537
Mineral Charges - Prior Year	273	1,637	2,431	468
Penalties	1,566	9,743	14,269	2,956
Adjusted to Sheriff's Receipt	(100)	(2,212)	(1)	(5)
Gross Chargeable to Sheriff	<u>248,459</u>	<u>1,579,856</u>	<u>2,280,456</u>	<u>413,470</u>
<u>Credits</u>				
Exonerations	2,639	16,488	24,226	4,730
Discounts	3,349	21,141	30,632	6,126
Delinquent Real Estate	7,029	43,487	63,945	12,211
Delinquent Tangible	156	1,117	1,496	479
Delinquent Limestone	307	1,914	2,815	537
Total Credits	13,480	84,147	123,114	24,083
Taxes Collected	234,979	1,495,709	2,157,342	389,387
Less: Commissions *	<u>9,987</u>	<u>63,003</u>	<u>86,294</u>	<u>16,549</u>
Taxes Due	224,992	1,432,706	2,071,048	372,838
Taxes Paid	225,255	1,434,887	2,073,450	373,036
Refunds (Current and Prior Year)	<u>252</u>	<u>1,556</u>	<u>2,285</u>	<u>754</u>
(Refunds Due Sheriff)				
as of Completion of Audit	<u>\$ (515)</u>	<u>\$ (3,737)</u>	<u>\$ (4,687)</u>	<u>\$ (952)</u>
		**		

\* and \*\* see next page.

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



JACKSON COUNTY  
DANIEL ISAACS, SHERIFF  
SHERIFF'S SETTLEMENT - 2023 TAXES  
For The Period September 1, 2023 Through August 31, 2024  
(Continued)

\* Commissions:

4.25% on \$ 1,894,304

4% on \$ 2,383,113

\*\* Special Taxing Districts:

Library District \$ (1,275)

Health District (590)

Extension District (950)

Soil Conservation District (163)

Ambulance District (763)

Red Lick Watershed District 4

Due Districts

(Refund Due Sheriff) \$ (3,737)

JACKSON COUNTY  
NOTES TO FINANCIAL STATEMENT

August 31, 2024

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a special purpose framework. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

KRS 66.480 authorizes the sheriff's office to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

D. Preparation of State Settlement

The Kentucky Department of Revenue prepares the settlement relating to taxes collected for the state under the provision of KRS 134.192(2)(a). This is reported as the "State Taxes" column on the financial statement.

Note 2. Deposits

The Jackson County Sheriff maintained deposits of public funds with federally insured banking institutions as required by the Department for Local Government's (DLG's) *County Budget Preparation and State Local Finance Officer Policy Manual*. The DLG manual strongly recommends perfected pledges of securities covering all public funds except direct federal obligations and funds protected by federal insurance. In order to be perfected in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

JACKSON COUNTY  
NOTES TO FINANCIAL STATEMENT  
August 31, 2024  
(Continued)

Note 2. Deposits (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the sheriff's deposits may not be returned. The Jackson County Sheriff does not have a deposit policy for custodial credit risk, but rather follows the requirements of the DLG's *County Budget Preparation and State Local Finance Officer Policy Manual*. As of August 31, 2024, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 3. Tax Collection Period

A. Property Taxes

The real and personal property tax assessments were levied as of January 1, 2023. Property taxes were billed to finance governmental services for the fiscal year ending June 30, 2024. Liens are effective when the tax bills become delinquent. The collection period for these assessments was September 29, 2023 through April 15, 2024.

B. Limestone, Sand, and Gravel Reserves

The limestone, sand, and gravel property tax assessments were levied as of January 1, 2023. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was January 13, 2024 through September 5, 2024.

C. Franchise Taxes

The franchise tax assessments were levied by the Department of Revenue for various tax years. Franchise taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was May 1st, 2023 through April 15, 2024.

Note 4. Interest Income

The Jackson County Sheriff earned \$404 as interest income on 2023 taxes. As of April 25, 2025, the sheriff owed \$208 in interest to his fee account.

Note 5. Sheriff's 10% Add-On Fee

The Jackson County Sheriff collected \$23,052 of 10% add-on fees allowed by KRS 134.119(7). As of April 25, 2025, the sheriff owed \$23,052 in 10% add-on fees to his fee account.

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JACKSON COUNTY  
DANIEL ISAACS, SHERIFF  
SCHEDULE OF EXCESS LIABILITIES OVER ASSETS

For The Period September 1, 2023 Through August 31, 2024

Assets

Reconciled Cash Balance	\$ 949
Commissions Overpaid	10,817
Interest Overpaid to School	41
Receivables Per Draft:	
State	952
County	515
School District	4,687
Library District	1,275
Health District	590
Extension District	950
Soil Conservation District	163
Ambulance District	763
	<hr/>
Total Assets	<hr/> 21,702 <hr/>

Liabilities

Unpaid Obligations Per Draft:	
Due to Taxing District - Red Lick	\$ 4
Due to Fee Account - Interest	208
Due to Fee Account Add-On Fees	23,053
	<hr/>
Total Unpaid Obligations	<hr/> 23,265 <hr/>
Total Fund Deficit as of August 31, 2024	<hr/> \$ (1,563) <hr/>

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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  
The Honorable Daniel Isaacs, Jackson County Sheriff  
Members of the Jackson County Fiscal Court

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Jackson County Sheriff's Settlement - 2023 Taxes for the period September 1, 2023 through August 31, 2024 - Regulatory Basis and the related notes to the financial statement and have issued our report thereon dated April 25, 2025. The Jackson County Sheriff's financial statement is prepared on a regulatory basis of accounting, which demonstrates compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Jackson County Sheriff'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 Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Jackson County Sheriff'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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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

**Report on Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Jackson County Sheriff's financial statement is free from 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 2023-002, 2023-003, and 2023-004.

**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

April 25, 2025

## SCHEDULE OF FINDINGS AND RESPONSES

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JACKSON COUNTY  
DANIEL ISAACS, SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES

For The Period September 1, 2023 Through August 31, 2024

FINANCIAL STATEMENT FINDINGS:

2023-001    The Jackson County Sheriff's Office Did Not Have Adequate Segregation Of Duties Over Receipts And Disbursements

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This is a repeat finding and was included in the prior year audit report as finding 2022-001. The sheriff's former bookkeeper collected payments from customers, prepared daily collection reports, prepared deposits, and monthly tax reports. Upon completion of the monthly reports, the former bookkeeper prepared and signed the checks and performed the monthly bank reconciliations. In addition, the former bookkeeper also had administrative rights to the tax program used to collect taxes. The sheriff implemented some compensating controls to address the lack of segregation of duties; however, they were insufficient to mitigate the problem.

According to the sheriff, a limited budget restricted the number of employees the sheriff could hire or delegate duties to. The lack of oversight could have resulted in undetected misappropriation of assets or inaccurate financial reporting to external agencies such as the Department of Revenue and other taxing districts.

Proper segregation of duties over collecting taxes, preparing daily tax collection journals, preparing monthly reports, preparing, and making deposits, and preparing disbursements are essential to protect assets from misappropriation or inaccurate financial reporting. Additionally, proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

We recommend the sheriff's office segregate the duties noted above by allowing different employees to perform these functions. However, if those duties cannot be segregated due to a limited staff, strong management oversight by the sheriff or designee should be performed. This oversight should include reviewing daily checkout sheets and deposits, reviewing monthly tax reports, and reviewing the monthly bank reconciliations. Documentation, such as the sheriff's or a designee's initials or signature, should be provided on those items that are reviewed. Dual signatures should also be required on all checks.

*Sheriff's Response: The sheriff did not provide a response.*

2023-002    The Jackson County Sheriff's Office Did Not Prepare Daily Checkouts Or Make Daily Deposits

---

The Jackson County Sheriff's Office did not prepare daily checkouts or make daily deposits. One month of daily receipt reports was tested and noted the following:

- Receipts were collected for 21 days, while only 12 bank deposits were made for the month tested.
- Cash and check totals per daily receipt reports do not agree to any of the bank deposits during the month tested.

The sheriff's bookkeeper was hired in October 2023 after tax collections had started and with no initial training specific to the bookkeeper position. The bookkeeper was unaware of various responsibilities such as making accurate daily deposits, reporting refunds paid on monthly distribution reports, and making payments to the fee account for commissions, add-on fees, and interest.

The sheriff's office was in noncompliance with laws and regulations concerning daily receipts and deposits. Additionally, the failure to make accurate daily deposits leaves tax collections vulnerable to the risk of loss and misappropriation.

JACKSON COUNTY  
DANIEL ISAACS, SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Period September 1, 2023 Through August 31, 2024  
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-002 The Jackson County Sheriff's Office Did Not Prepare Daily Checkouts Or Make Daily Deposits  
(Continued)

The failure to make daily deposits resulted in the sheriff not being in compliance with KRS 68.210. 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 keep receipts intact and ensure they are deposited daily. In addition, strong internal controls dictate that daily checkouts would be deposited daily.

We recommend the sheriff's office require deposits to be made daily and strengthen internal controls over daily checkout procedures to ensure deposits are made daily.

*Sheriff's Response: The sheriff did not provide a response.*

2023-003 The Jackson County Sheriff Has Not Settled The 2023 Tax Account

The sheriff has not closed out the official bank account for 2023 tax collections. The following amounts are to be collected and paid to settle the 2023 tax account:

Assets

Reconciled Cash Balance	\$	949
Commissions Overpaid		10,817
Interest Overpaid to School		41
Receivables Per Draft:		
State		952
County		515
School District		4,687
Library District		1,275
Health District		590
Extension District		950
Soil Conservation District		163
Ambulance District		763
Total Assets		<u>21,702</u>

Liabilities

Unpaid Obligations Per Draft:		
Due to Taxing District - Red Lick	\$	4
Due to Fee Account - Interest		208
Due to Fee Account Add-On Fees		<u>23,053</u>
Total Unpaid Obligations		<u>23,265</u>
Total Fund Deficit as of August 31, 2024	\$	<u>(1,563)</u>

JACKSON COUNTY  
DANIEL ISAACS, SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Period September 1, 2023 Through August 31, 2024  
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-003 The Jackson County Sheriff Has Not Settled The 2023 Tax Account (Continued)

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The sheriff was waiting for completion of audit to settle the 2023 tax account. As a result of the 2023 tax account not being closed the sheriff is not in compliance with KRS 134.192(1).

KRS 134.192(1) states, “[e]ach sheriff shall annually settle his or her accounts with the department, the county, and any district for which the sheriff collects taxes on or before September 1 of each year.”

We recommend the sheriff settle the 2023 tax account by collecting all receivables and paying all liabilities.

*Sheriff's Response: The sheriff did not provide a response.*

2023-004 The Jackson County Sheriff's Office Did Not Accurately Pay Commissions, Add-On Fees, Or Interest To The Fee Account

---

The Jackson County Sheriff's Office did not make accurate and timely payments to the fee account for commissions, add-on fees, and interest collected. Commissions on tax collections were not paid monthly and were overpaid to the sheriff's fee account. The sheriff's fee account was due commissions of \$89,436, however, the sheriff paid commissions in three payments totaling \$100,253 resulting in an overpayment of \$10,817.

The Jackson County Sheriff's Office collected \$23,052 of 10% add-fees for tax bills that were paid late during the months of February, March, and April 2024. However, these add-on fees were not paid to the sheriff's fee account for the 2023 tax year.

The Jackson County Sheriff's Office deposits collected taxes into an interest-bearing account. The interest earned on this account was not properly distributed. The 2023 tax account earned \$404 of interest. The sheriff's fee account was due \$208 and \$196 was due to the school taxing district. The school was paid \$236 resulting in a \$40 overpayment and no interest was paid to the sheriff's fee account resulting in \$208 underpayment.

During the 2023 tax collection period, the sheriff refunded a total of \$4,848. However, the sheriff did not report the refunds on the monthly distribution reports, which resulted in payments to various taxing districts in excess of the taxes collected and not refunded..

The sheriff's bookkeeper was hired in October 2023, after tax collections had started and with no initial training specific to the bookkeeper position. The bookkeeper was unaware of various responsibilities such as making accurate daily deposits, reporting refunds paid on monthly distribution reports, and making payments to the fee account for commissions, add-on fees and interest.

The sheriff was in noncompliance with laws and regulations governing the reporting of refunds, commissions, add-on fees, and interest earned. Additionally, taxing districts were overpaid from the sheriff's fee account. The failure to pay correct amounts could have resulted in the necessary funds not being available to operate the sheriff's office.

By not paying accurate and timely commissions to the fee account, the sheriff was not in compliance with KRS 70.092, which states “the sheriff shall retain an amount not to exceed four and one-fourth percent (4.25%) of the special tax, license, fee, or other charge collected...”

JACKSON COUNTY  
DANIEL ISAACS, SHERIFF  
SCHEDULE OF FINDINGS AND RESPONSES  
For The Period September 1, 2023 Through August 31, 2024  
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2023-004 The Jackson County Sheriff's Office Did Not Accurately Pay Commissions, Add-On Fees, Or Interest To The Fee Account (Continued)

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By not paying accurate and timely add-on fees to the fee account, the sheriff was not in compliance with KRS 134.119(7), which states, "[a]s additional compensation for the collection of delinquent taxes, the sheriff shall be entitled to an amount equal to ten percent (10%) of the total taxes due plus ten percent (10%) of the ten percent (10%) penalty for all delinquent taxes. This fee shall be added to the total amount due, and shall be paid by the person paying the tax claim if payment is made to the sheriff[.]"

By not accurately distributing interest income earned on tax collection deposits, the sheriff was not in compliance with KRS 134.140(4), which states, "[i]n those counties where the office of sheriff is funded in whole or in part by fees and commissions, the sheriff may use investment earnings, other than those which must be paid to the board of education in compliance with subsection (2) of this section, to pay lawful expenses of his or her office."

By not reporting refunds, the sheriff was not in compliance with KRS 134.191(1), which states, "[t]he sheriff shall provide monthly reports by the tenth day of each month to the chief executive of the county, the department, and any other district for which the sheriff collects taxes." Also, KRS 134.191(2)(c) outlines that the report should include "[t]he disposition of such revenue or money collected."

We recommend the sheriff become compliant with laws and regulations by ensuring refunds, commissions, add-on fees, and interest collected are accurately accounted for and paid timely.

*Sheriff's Response: The sheriff did not provide a response.*