

Jefferson County, Florida

Financial Statements

September 30, 2017



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**Jefferson County, Florida
FINANCIAL STATEMENTS
September 30, 2017**

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**SUPERVISOR OF ELECTIONS
Marty Bishop**

**COUNTY ATTORNEY
T. Buckingham Bird**

**AUDITOR
Carr, Riggs & Ingram, LLC**

Jefferson County, Florida
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SPECIAL-PURPOSE FINANCIAL STATEMENTS

Clerk of the Circuit Court

Property Appraiser

Sheriff

Supervisor of Elections

Tax Collector



REPORT





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INDEPENDENT AUDITORS' REPORT

To the Honorable Board of County Commissioners
and Constitutional Officers of Jefferson County, Florida
Monticello, Florida

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund and the Major Special Revenue funds of Jefferson County, Florida (the "County") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Honorable Board of County Commissioners
and Constitutional Officers of Jefferson County, Florida
Monticello, Florida

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information, of Jefferson County, Florida as of September 30, 2017, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4.1 to 4.8 and other required supplementary information as listed in the table of contents to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Jefferson County, Florida's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of State Financial Assistance Projects is presented for purposes of additional analysis as required by Chapter 10.550 of the *Rules of the Auditor General* State of Florida and is not a required part of the basic financial statements.

To the Honorable Board of County Commissioners
and Constitutional Officers of Jefferson County, Florida
Monticello, Florida

The combining and individual non-major fund financial statements, and the Schedule of Expenditures of State Financial Assistance Projects are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied to the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects to the basic financial statements as a whole.

Emphasis of Matter

As discussed in Note 22 and 23 of the financial statements, the 2016 financial statements have been restated to correct misstatements and a change in accounting principle. Our opinion is not modified with respect to these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 6, 2018, on our consideration of Jefferson County, Florida'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 Jefferson County, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the County's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Marianna, Florida
December 6, 2018



**MANAGEMENT'S DISCUSSION AND
ANALYSIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Jefferson County's financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2017. It should be read in conjunction with the County's financial statements, which begin on page 5.

FINANCIAL HIGHLIGHTS

- The County's net position decreased as a result of this year's operations. Net position of our governmental activities decreased by \$760,342 or 7.7%. The County does not have any business-type activities.
- During the year, the County's program and general revenues were \$19,983,381. An increase of \$957,527 from the prior year.
- The County's expenses increased by approximately \$2,545,232 over the preceding year (an increase of 15%).
- The millage rate was 7.7198 mills for the current year. This represents a decrease from the prior year rate of 8.3114.

USE OF THIS REPORT

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 5 and 6) provide information about the activities of the County as a whole and present a long-term view of the County's finances. These statements reflect the County as a whole and are deemed government-wide financial statements. The fund financial statements start on page 7. These statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statement for Fiduciary Funds provides financial information about activities for which the County acts solely as a trustee or agent for the benefit of others outside of the County.

Reporting the County as a Whole

Our analysis of the County as a whole is detailed later in this discussion. One of the most frequently asked questions about the County's finances is "Is the County, as a whole, better off or worse off as a result of this year's activities?" The Statement of Net position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting system used by most private companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net position and the changes in them. You can think of the County's net position (the difference between assets, deferred outflows of resources and liabilities, deferred inflows of resources) as one way to measure the County's financial health, or its financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the County's property tax base, the condition of the County roads and equipment, and other matters to assess the overall health of the County.

Since the County does not have any business-type activities (utilities, etc.) and no component units to report, the remaining activities of the County are governmental activities. These include all of the County's basic services, including law enforcement, fire protection, building inspection, ambulance service, parks and recreation, library services, road and bridge maintenance, etc. Property taxes, gasoline taxes, sales tax, and State grants generally finance most of these activities.

Reporting on the County's Most Significant Funds

The fund financial statements begin on page 7 and provide detailed information about the most significant funds and not the County as a whole. Some funds are required to be established by State law or other governing authority. However, the County Commission may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from State and Federal Agencies). The County has only the general fund, special revenue funds, capital projects fund and debt service fund which are all considered to be governmental funds. There are no proprietary funds maintained by the County.

Jefferson County, Florida Management's Discussion and Analysis

All of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

The County as Trustee

The County is the trustee, or *fiduciary*, for several sources of funds that belong to other governments, individuals or agencies. All of the County's fiduciary type activities are reported in separate statements. We exclude these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE COUNTY AS A WHOLE

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, decreased by \$1,480,312 (or -41%) from the prior year after consideration of change in accounting principle. Restricted net position increased by \$394,803 (or 13%) from the prior year.

The County's total revenue decreased by 5%, or \$957,527 during the year and total expenses decreased by 15%, or \$2,545,232.

**Jefferson County, Florida
Management's Discussion and Analysis**

**Table 1
Net Assets**

	Governmental Activities	
	09/30/17	09/30/16 As Restated
Cash and other assets	\$ 6,631,649	\$ 8,420,942
Capital assets - net	17,675,842	17,158,843
Total assets	24,307,491	25,579,785
Deferred outflows	4,833,023	5,705,121
Long-term debt outstanding	18,567,839	17,613,781
Other liabilities	840,864	1,609,958
Total liabilities	19,408,703	19,223,739
Deferred inflows	657,086	1,785,259
Net assets:		
Invested in capital assets, net of debt	11,453,736	10,338,962
Restricted	2,750,466	3,145,269
Unrestricted	(5,129,477)	(3,208,323)
Total net assets	\$ 9,074,725	\$ 10,275,908

**Jefferson County, Florida
Management's Discussion and Analysis**

**Table 2
Changes in Net Position**

	Governmental Activities	
	09/30/17	09/30/16 As Restated
Revenues		
Program revenues:		
Charges for services	\$ 1,591,108	\$ 1,967,880
Federal and state grants	4,600,398	2,997,006
General revenues:		
Property and other taxes	10,556,867	10,486,059
Other general revenues	3,235,008	3,574,909
Total revenues	19,983,381	19,025,854
Program expenses:		
General government	4,776,210	5,135,276
Transportation	4,452,247	2,666,567
Public safety and judiciary	8,007,733	7,686,321
Health and sanitation	1,453,577	1,435,523
Economic development	881,374	344,081
Culture, recreation and agriculture	1,012,504	781,483
Interest on long-term debt	160,078	149,240
Total program expenses	20,743,723	18,198,491
Increase (decrease) in net assets	(760,342)	827,363
Net position, beginning as previously reported	10,275,908	9,698,155
Change in accounting principle, Note 22	(440,842)	-
Prior period adjustment, Note 21	-	(249,610)
Net position, beginning as restated	9,835,066	9,448,545
Net position, ending	\$ 9,074,724	\$ 10,275,908

THE COUNTY'S FUNDS

The County's governmental funds (as presented in the balance sheet on page 7) reported a *combined* fund balance of \$5.8 million, which is a decrease of \$1.1 million over the prior year. Included in this year's total change in fund balance is an decrease of \$.5 million in the County's general fund balance. In addition, these other changes in fund balances should be noted:

- The transportation fund incurred an increase in fund balance of \$455,254.
- The capital projects fund incurred a increase in fund balance of \$927.

General Fund Budgetary Highlights

The County Commission revised the County budget several times throughout the fiscal year. These budget amendments are required to properly reflect unanticipated revenues and unforeseen events that happen during every fiscal year.

Operating expenditures were less than appropriations primarily in the areas of the general government operations, transportation operations, and public health and safety.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County had \$17.67 million, net of depreciation, invested in a broad range of capital assets, including land, buildings, roads, bridges, park facilities and equipment. The net increase over last year of approximately \$.58 million net of depreciation. Table 3 below details the composition of these assets.

**Jefferson County, Florida
Management's Discussion and Analysis**

**Table 3
Capital Assets at Year-end
(Net of Depreciation)**

	<u>Governmental Activities</u>	
	<u>09/30/17</u>	<u>09/30/16</u>
Land	\$ 1,737,456	\$ 1,737,456
Buildings & Improvements	6,099,101	6,235,885
Equipment	3,147,272	2,956,751
Infrastructure	5,224,591	5,468,766
Construction in progress	1,458,997	692,273
Totals	\$ 17,667,417	\$ 17,091,131

Major additions for the year were heavy equipment, building construction and road paving. Infrastructure includes all the County roads and bridges. Major deletions were disposition of equipment.

Debt

The County had various installment purchase obligations of \$660,040, notes payable of \$1,717,066 and revenue bonds of \$3,845,000 outstanding at the end of the 2017 fiscal year, a decrease of \$597,775 as shown in Table 4.

**Table 4
Outstanding Debt at Year-end**

	<u>Governmental Activities</u>	
	<u>09/30/17</u>	<u>09/30/16</u>
Installment obligations	\$ 660,040	\$ 991,008
Notes payable	1,717,066	1,783,873
Revenue and gas tax bonds	3,845,000	4,045,000
Totals	\$ 6,222,106	\$ 6,819,881

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected Commissioners consider many factors when considering the fiscal year 2018 budget to include assessed values, tax rates and charges for services. One of those factors is the economy. Jefferson County is not a fast growing County compared to other metropolitan areas of the State, however, the County does continue to enjoy growth in its population and offers its citizens a relaxed form of lifestyle when compared to other, more populous surrounding areas.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the County's finances and to show the accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Clerk of the Circuit Court, County Courthouse, Room 10, Monticello, Florida 32344.



**BASIC FINANCIAL
STATEMENTS**

Jefferson County, Florida Statement of Net Position

<i>September 30, 2017</i>	Governmental Activities
Assets	
Cash and cash equivalents	\$ 2,291,440
Restricted cash and cash equivalents	1,803,586
Equity in pooled investments	273,557
Accounts receivable	164,664
Internal balances - due from agency funds	54,430
Due from other governmental units	2,025,428
Inventory	18,544
Capital assets, net	
Nondepreciable capital assets	3,196,453
Depreciable capital assets, net	14,479,389
Total assets	24,307,491
Deferred outflows of resources	
Pension	4,833,023
Total deferred outflows of resources	4,833,023
Liabilities	
Accounts payable and accrued expenses	644,065
Due to other agency	9,073
Unearned revenue	150,818
Accrued interest payable	36,908
Long-term liabilities	
Portion due or payable within one year	
Capital lease obligations	206,651
Public improvement revenue bonds payable	200,000
Notes payable	383,767
Compensated absences	114,743
Landfill closure and post-closure costs	54,169
Portion due or payable after one year	
Capital lease obligations	453,389
Public improvement revenue bonds payable	3,645,000
Notes payable	1,333,299
Compensated absences	330,117
Other post-employment benefit obligation	938,966
Landfill closure and post-closure costs	162,508
Net pension liability	10,745,230
Total liabilities	19,408,703
Deferred inflows of resources	
Pension	657,086
Total deferred inflows of resources	657,086
Net position	
Invested in capital assets, net of related debt	11,453,736
Restricted	2,750,466
Unrestricted (deficit)	(5,129,477)
Total net position	\$ 9,074,725

See accompanying notes to financial statements

Jefferson County, Florida Statement of Activities

For the year ended September 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
					Governmental Activities
Primary government					
Governmental activities					
General government	\$ 4,125,956	\$ 973,843	\$ 1,443,459	\$ -	\$ (1,708,654)
Public safety	6,747,357	547,843	2,739,005	393,830	(3,066,679)
Fire safety	794,696	-	-	-	(794,696)
Physical environment	305,050	-	-	-	(305,050)
Health and sanitation	1,453,577	69,422	-	-	(1,384,155)
Transportation	4,452,247	-	24,104	-	(4,428,143)
Economic development	881,374	-	-	-	(881,374)
Human services	345,204	-	-	-	(345,204)
Culture and recreation	746,341	-	-	-	(746,341)
Agriculture	266,163	-	-	-	(266,163)
Court related	465,680	-	-	-	(465,680)
Interest on long-term debt	160,078	-	-	-	(160,078)
Total primary government	\$ 20,743,723	\$ 1,591,108	\$ 4,206,568	\$ 393,830	(14,552,217)

General revenues

Taxes	
Property taxes	3,998,398
Local option taxes	1,830,544
Sales tax, other taxes and shared revenue	4,727,925
Investment earnings	13,766
Miscellaneous	3,221,242
Total general revenues	13,791,876

Change in net position (760,341)

Net position, beginning as previously reported 10,446,426

Prior Period Adjustment, Note 22 (170,518)

Change in Accounting Principle, Note 23 (440,842)

Net position, beginning as restated 9,835,066

Net position, ending **\$ 9,074,725**

See accompanying notes to financial statements

Jefferson County, Florida
Balance Sheet
Governmental Funds

September 30, 2017

	General Fund	Fines and Forfeitures	Transportation	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 1,586,130	\$ 475,637	\$ -	\$ -	\$ 2,953	\$ 2,064,720
Restricted cash and cash equivalents	244,038	-	633,364	500,927	650,551	2,028,880
Equity in pooled investments	138,056	14,825	122,102	-	-	274,983
Accounts receivable	164,691	-	-	-	-	164,691
Due from other funds	1,149,572	-	-	26	1,016,006	2,165,604
Due from agency funds	54,431	-	-	-	-	54,431
Due from other governmental units	1,152,405	62,020	183,880	-	627,123	2,025,428
Inventory	-	-	18,544	-	-	18,544
Total assets	\$ 4,489,323	\$ 552,482	\$ 957,890	\$ 500,953	\$ 2,296,633	\$ 8,797,281
Liabilities						
Accounts payable and accrued expenses	\$ 291,779	\$ 10,581	\$ 71,743	\$ -	\$ 269,991	\$ 644,094
Interest payable	-	-	-	-	36,908	36,908
Due to other funds	596,941	426,413	439,244	572,370	130,636	2,165,604
Due to other agency	9,073	-	-	-	-	9,073
Unearned revenue	61,641	-	-	-	89,177	150,818
Total liabilities	959,434	436,994	510,987	572,370	526,712	3,006,497
Fund balances						
Nonspendable	-	-	18,544	-	-	18,544
Restricted	423,973	115,488	428,359	-	1,771,946	2,739,766
Committed	10,700	-	-	-	-	10,700
Assigned	102,465	-	-	-	-	102,465
Unassigned	2,992,751	-	-	(71,417)	(2,025)	2,919,309
Total fund balances	3,529,889	115,488	446,903	(71,417)	1,769,921	5,790,784
Total liabilities and fund balances	\$ 4,489,323	\$ 552,482	\$ 957,890	\$ 500,953	\$ 2,296,633	\$ 8,797,281

See accompanying notes to financial statements

Jefferson County, Florida
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position

September 30, 2017

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances – governmental funds	\$ 5,790,784
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the governmental funds.	17,675,842
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources - pensions	4,833,023
Deferred inflows of resources - pensions	(657,086)
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the governmental funds.	
Total long-term liabilities - see note 9	(18,567,838)
Net position of governmental activities	\$ 9,074,725

See accompanying notes to financial statements

Page 1 of 2
Jefferson County, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

For the year ended September 30, 2017

	General Fund	Fines and Forfeitures	Transportation	Capital Projects
Revenues				
Taxes	\$ 4,207,703	\$ 852,268	\$ 1,993,912	\$ -
Licenses and permits	163,883	-	-	-
Intergovernmental	3,287,593	-	-	-
Grants	2,739,005	201,113	24,104	-
Charges for services	973,843	9,970	-	-
Fines and forfeitures	249,577	124,413	-	-
Investment earnings	5,431	1,316	3,154	1,263
Other fees and miscellaneous revenues	1,100,025	-	24,589	-
Total revenues	12,727,060	1,189,080	2,045,759	1,263
Expenditures				
Current:				
General government	3,352,615	-	-	-
Public health and safety	5,645,139	164,458	-	-
Fire safety	-	-	-	-
Physical environment	114,073	-	-	-
Health and sanitation	-	-	-	-
Transportation	1,977,195	-	2,023,299	336
Economic development	22,713	-	-	-
Human services	345,204	-	-	-
Culture and recreation	532,886	-	-	-
Agriculture	257,507	-	-	-
Court related	422,400	-	-	-
Capital outlay	1,191,533	42,725	152,781	-
Debt service				
Principal	76,078	-	137,031	-
Interest and other charges	31,308	-	7,553	-
Total expenditures	13,968,651	207,183	2,320,664	336
Excess (deficiency) of revenues over (under) expenditures	(1,241,591)	981,897	(274,905)	927
Other financing sources (uses)				
Transfers in	4,228,840	2,851,729	-	-
Transfers out	(3,730,140)	(3,939,974)	(297,325)	-
Debt proceeds	217,029	-	116,976	-
Net other financing sources (uses)	715,729	(1,088,245)	(180,349)	-
Net changes in fund balances	(525,862)	(106,348)	(455,254)	927
Fund balances - beginning as previously reported	4,009,605	340,836	961,745	(72,344)
Prior Period Adjustments, Note 22	46,146	(119,000)	(59,588)	-
Fund balances - beginning as restated	4,055,751	221,836	902,157	(72,344)
Fund balances - ending	\$ 3,529,889	\$ 115,488	\$ 446,903	\$ (71,417)

See accompanying notes to financial statements

Jefferson County, Florida

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

For the year ended September 30, 2017

	Other Governmental Funds	Total Governmental Funds
Revenues		
Taxes	\$ -	\$ 7,053,883
Licenses and permits	-	163,883
Intergovernmental	215,390	3,502,983
Grants	1,636,176	4,600,398
Charges for services	69,422	1,053,235
Fines and forfeitures	-	373,990
Investment earnings	2,602	13,766
Other fees and miscellaneous revenues	2,096,628	3,221,242
Total revenues	4,020,218	19,983,380
Expenditures		
Current:		
General government	361	3,352,976
Public health and safety	201,530	6,011,127
Fire safety	794,696	794,696
Physical environment	-	114,073
Health and sanitation	1,504,271	1,504,271
Transportation	2,025	4,002,855
Economic development	858,661	881,374
Human services	-	345,204
Culture and recreation	193,419	726,305
Agriculture	-	257,507
Court related	-	422,400
Capital outlay	685,603	2,072,642
Debt service		
Principal	478,970	692,079
Interest and other charges	121,217	160,078
Total expenditures	4,840,753	21,337,587
Excess (deficiency) of revenues over (under) expenditures	(820,535)	(1,354,207)
Other financing sources (uses)		
Transfers in	1,175,736	8,256,305
Transfers out	(288,866)	(8,256,305)
Debt proceeds	-	334,005
Net other financing sources (uses)	886,870	334,005
Net changes in fund balances	66,335	(1,020,202)
Fund balances - beginning as previously reported	1,741,662	6,981,504
Prior Period Adjustments, Note 21	(38,076)	(170,518)
Fund balances - beginning as restated	1,703,586	6,810,986
Fund balances - ending	\$ 1,769,921	\$ 5,790,784

See accompanying notes to financial statements

Jefferson County, Florida

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities**

For the year ended September 30, 2017

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (1,020,202)
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of net position.	2,072,642
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.	(1,315,941)
Repayment of long-term debt is reported as an expenditure in governmental funds but as a reduction of long-term liabilities in the statement of net position.	692,079
The issuance of long-term debt (notes payable) provides current financial resources to governmental funds, while it has no effect on the statement of activities.	(334,005)
Accrued other post-employment benefits do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(54,124)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These expenses include:	
Long-term landfill closure and post-closure liability	50,694
Pension expenses	(865,600)
Compensated absences	14,116
Change in net position	\$ (760,341)

See accompanying notes to financial statements

Jefferson County, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Budget and Actual

For the year ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
Revenues				
Taxes	\$ 4,366,518	\$ 4,366,518	\$ 4,207,703	\$ (158,815)
Licenses and permits	114,000	114,000	163,883	49,883
Intergovernmental	3,228,706	3,228,706	3,287,593	58,887
Grants	3,299,154	3,382,959	2,739,005	(643,954)
Charges for services	1,914,500	1,914,500	973,843	(940,657)
Fines and forfeitures	392,559	392,559	249,577	(142,982)
Investment earnings	20,000	20,000	5,431	(14,569)
Other fees and miscellaneous revenues	67,907	67,907	1,100,025	1,032,118
Total revenues	13,403,344	13,487,149	12,727,060	(760,089)
Expenditures				
Current:				
General government	3,775,337	3,775,510	3,352,615	422,895
Public health and safety	5,308,388	5,392,193	5,645,139	(252,946)
Physical environment	104,378	104,378	114,073	(9,695)
Transportation	2,841,095	2,841,095	1,977,195	863,900
Economic environment	20,270	20,270	22,713	(2,443)
Human services	362,668	362,668	345,204	17,464
Culture and recreation	466,274	466,274	532,886	(66,612)
Agriculture	250,263	250,263	257,507	(7,244)
Court related	574,969	574,969	422,400	152,569
Capital outlay	249,707	249,707	1,191,533	(941,826)
Debt service	6,732	6,732	107,386	(100,654)
Total expenditures	13,960,081	14,044,059	13,968,651	75,408
Excess (deficiency) of revenues over (under) expenditures	(556,737)	(556,910)	(1,241,591)	(684,681)
Other financing sources (uses)				
Transfers in	4,223,224	4,223,224	4,228,840	5,616
Transfers out	(3,072,345)	(3,072,345)	(3,730,140)	(657,795)
Debt proceeds	-	-	217,029	217,029
Net other financing sources (uses)	1,150,879	1,150,879	715,729	(435,150)
Net change in fund balance	594,142	593,969	(525,862)	(1,119,831)
Fund balance - beginning, as restated	4,055,751	4,055,751	4,055,751	-
Fund balance - ending	\$ 4,649,893	\$ 4,649,720	\$ 3,529,889	\$ (1,119,831)

See accompanying notes to financial statements

Jefferson County, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance
Fines and Forfeitures Fund
Budget and Actual

For the year ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
Revenues				
Taxes	\$ 883,504	\$ 883,504	\$ 852,268	\$ (31,236)
Grants	253,163	253,163	201,113	(52,050)
Charges for services	15,000	15,000	9,970	(5,030)
Fines and forfeitures	281,000	281,000	124,413	(156,587)
Investment earnings	-	-	1,316	1,316
Total revenues	1,432,667	1,432,667	1,189,080	(243,587)
Expenditures				
Current:				
Public health and safety	327,000	327,000	164,458	162,542
Capital outlay	40,000	40,000	42,725	(2,725)
Total expenditures	367,000	367,000	207,183	159,817
Excess (deficiency) of revenues over (under) expenditures	1,065,667	1,065,667	981,897	(83,770)
Other financing sources (uses)				
Transfers in	2,922,807	2,922,807	2,851,729	(71,078)
Transfers out	(3,988,474)	(3,988,474)	(3,939,974)	48,500
Net other financing sources (uses)	(1,065,667)	(1,065,667)	(1,088,245)	(22,578)
Net change in fund balance	-	-	(106,348)	(106,348)
Fund balance - beginning, as restated	221,836	221,836	221,836	-
Fund balance - ending	\$ 221,836	\$ 221,836	\$ 115,488	\$ (106,348)

See accompanying notes to financial statements

Jefferson County, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance
Transportation Fund
Budget and Actual

For the year ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Taxes	\$ 1,920,906	\$ 1,920,906	\$ 1,993,912	\$ 73,006
Investment earnings	-	-	3,154	3,154
Grants	-	-	24,104	24,104
Other fees and miscellaneous revenues	70,000	70,000	24,589	(45,411)
Total revenues	1,990,906	1,990,906	2,045,759	54,853
Expenditures				
Current:				
Transportation	1,528,406	1,528,406	2,023,299	(494,893)
Capital outlay	162,500	162,500	152,781	9,719
Debt service				
Principal	-	-	137,031	(137,031)
Interest and other charges	-	-	7,553	(7,553)
Total expenditures	1,690,906	1,690,906	2,320,664	(629,758)
Excess (deficiency) of revenues over (under) expenditures	300,000	300,000	(274,905)	(574,905)
Other financing sources (uses)				
Transfers out	(297,025)	(297,025)	(297,325)	(300)
Debt proceeds	-	-	116,976	116,976
Net other financing sources (uses)	(297,025)	(297,025)	(180,349)	116,676
Net change in fund balance	2,975	2,975	(455,254)	(458,229)
Fund balance - beginning	902,157	902,157	902,157	-
Fund balance - ending	\$ 905,132	\$ 905,132	\$ 446,903	\$ (458,229)

See accompanying notes to financial statements

Jefferson County, Florida
Statement of Revenues, Expenditures and Changes in Fund Balance
Capital Projects Fund
Budget and Actual

For the year ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues				
Investment earnings	\$ -	\$ -	\$ 1,263	\$ 1,263
Other fees and miscellaneous revenues	-	-	-	-
Total revenues	-	-	1,263	1,263
Expenditures				
Current:				
Transportation	-	-	336	(336)
Total expenditures	-	-	336	(336)
Net change in fund balance	-	-	927	927
Fund balance - beginning	(72,344)	(72,344)	(72,344)	-
Fund balance - ending	\$ (72,344)	\$ (72,344)	\$ (71,417)	\$ 927

See accompanying notes to financial statements

Jefferson County, Florida
Statement of Fiduciary Net Position
Agency Funds

September 30, 2017

	Agency Funds
Assets	
Cash and cash equivalents	\$ 1,454,614
Total assets	\$ 1,454,614
Liabilities	
Due to other governments	\$ 1,154,945
Due to other funds	54,431
Due to others	245,238
Total liabilities	\$ 1,454,614

See accompanying notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Jefferson, Florida legally exists under Article VIII of the Constitution of the State of Florida as a non-chartered County and operates under an elected County Commission (five members) and provides services to its more than 13,000 residents in many areas, including law enforcement, community enrichment and development, culture and recreation, and human services.

The Clerk of the Circuit Court, Supervisor of Elections, Tax Collector, Property Appraiser, and Sheriff constitute the other elected officials of the County. These Constitutional Officers maintain separate accounting records and budgets from the Board of County Commissioners. The Constitution of the State of Florida, Article VIII, Section 1(d) created the constitutional officers and Article VII, Section 1(e), created the Board of County Commissioners.

The financial statements of the County have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units along with the American Institute of Certified Public Accountants publication entitled *Audits of State and Local Governmental Units*, and pronouncements of the Financial Accounting Standards Board (when applicable). The more significant accounting policies of the County are described below.

Reporting Entity

The concept underlying the definition of the reporting entity is that elected officials are accountable to their constituents for their actions. The reporting entity's financial statements should allow users to distinguish between the primary government (the County) and its component units. As required by generally accepted accounting principles, the financial reporting entity consists of (1) the primary government (the County), (2) organizations for which the County is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The County is financially accountable if it appoints a voting majority of the organization's governing body and (a) is able to impose its will on that organization or (b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements

The basic financial statements consist of the government-wide financial statements and fund financial statements. The government-wide financial statements include the statement of net position and the statement of net activities. These statements report financial information for the Jefferson County, Florida as a whole excluding fiduciary activities. For the most part, the effect of inter-fund activity has been removed from these statements. Individual funds are not displayed but the statement distinguishes governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Fiduciary funds are not included in these financial statements.

Fund Financial Statements

The County segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. Reconciliations are provided that converts the results of governmental fund accounting to the government-wide presentations. The County has presented the following major governmental funds:

General Fund- General Fund is the main operating fund of the County. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Transportation Fund- County Transportation Trust Fund is a special revenue fund used to account for the gasoline and fuel taxes that are restricted for specific purposes.

Fines and Forfeitures Fund - The Fines and Forfeitures Fund accounts a portion of the County's property taxes and the fines and fees collected and remitted by the Clerk of the Courts. In addition, this fund accounts for grants and other funds collected for the purpose of law enforcement and court cost.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Projects Fund - The capital projects fund is a special revenue fund used to account for the expenditures used for the construction and maintenance of certain road projects in the County.

The County also reports the following fund type:

Agency Funds - The agency funds are used to account for assets held by the County as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature and do not involve measurement of changes in financial position.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for recognition of all Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is made.

The revenues susceptible to accrual are licenses, charges for services, intergovernmental revenues and interest income. Gasoline and Sales taxes collected and held by the state at year end on behalf of the County are also recognized as revenue. All other governmental fund revenues are recognized when received.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as needed.

When expenditures are incurred for which committed, assigned or unassigned amounts could be used, it is the County's policy to use them in that order.

Budgets and Budgetary Accounting

Florida Statutes establishes the fiscal year as the twelve-month period beginning October 1. The various departments of the County and the Constitutional Officers submit to the Clerk of the Circuit Court a budget of estimated expenditures for the ensuing fiscal year after which the Clerk subsequently submits a budget of estimated expenditures and revenues to the Board of County Commissioners.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Upon receipt of the budget estimates, the Board of County Commissioners holds public hearings on the proposed budget. Information about the proposed budget is then published in the Monticello News. The budget is legally enacted through passage of a Resolution by the Board of County Commissioners. The Board of County Commissioners is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be due to unanticipated revenues and be approved by the Board of County Commissioners and an amendment to the originally adopted budget. Budgeted amounts are as originally adopted or as amended by the Board of County Commissioners. Individual amendments were not material in relation to the original appropriations which were adopted other than those for unanticipated revenues.

The County operates under a budgetary system wherein the Board of County Commissioners adopts a budget each year for the overall financial operation of the County, to include the operations of each of the other elected officials. Any funds remaining in the various general funds of each elected official must revert to the Board of County Commissioners immediately after the end of each fiscal year. The primary sources of revenues of the County are ad valorem taxes, racing tax, state revenue sharing proceeds, federal grants, gasoline taxes, sales taxes and special assessments.

The budgetary information presented for the general fund and any major special revenue funds is prepared on the modified accrual basis. Encumbrances are not recorded. Unexpended items at year-end must be reappropriated in the subsequent year.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Short-term investments also include amounts placed with the State Board of Administration for participation in the Local Government Surplus Funds Trust Fund investment pools created by Sections 218.405 and 218.417, Florida Statutes.

Cash of some funds is pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity during the year. An individual fund's pooled cash and cash investments are available upon demand and are considered to be "cash equivalents" when preparing these financial statements. Negative balances incurred in pooled cash at year-end are treated as interfund receivables of the General Fund and interfund payables of the deficit fund.

Investments

The County follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, in reporting on investments owned. Generally, this statement requires various investments be reported at fair value, including debt securities and open-ended mutual funds.

Interfund Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". All residual balances outstanding were related to governmental activities and are not reported in the government-wide financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets

Certain net position of the County are classified as restricted assets on the statement of net position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors, or laws or regulations of other governments. In a fund with both restricted and unrestricted assets, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.

Capital Assets

The County’s capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, right of ways, sidewalks, and similar items), are reported in the capital asset accounts of the County. Property and equipment with initial, individual costs that exceed \$1,000 and an estimated useful life in excess of one year are recorded as capital assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are expensed as incurred. Capital assets purchased by the Clerk of Circuit Court, Property Appraiser, Supervisor of Elections, and Tax Collector are accounted for within the Board of County Commissioner’s capital assets. The Sheriff is accountable for and thus maintains capital asset records pertaining only to equipment used in his operations. These assets have been combined with the Board’s governmental activities capital assets in the statement of net position.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	10-40
Machinery and equipment	3-10
Road and bridge infrastructure	20-40

Major outlays for capital assets and improvements are capitalized as projects are constructed. For assets constructed with governmental fund resources, interest during construction is not capitalized.

Due to Others

This account is used to account for assets held by the County in a trustee capacity for other governmental agencies or individuals.

Unearned Revenues

The unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Unearned revenues reported in the governmental fund financial statements represent revenues which are measureable but not available, and in accordance with the modified accrual basis of accounting, are reported as unearned revenues.

Accumulated Compensated Absences

The County maintains a policy that permits employees to accumulate earned but unused vacation and sick pay benefits that will be paid to employees upon separation from County service if certain criteria are met. These benefits, plus their related tax and retirement costs are classified as compensated absences. Employees may be paid for unused vacation hours accrued up to a maximum amount. Payment of unused sick leave, upon termination, is also provided for up to varying amounts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The long-term portion of compensated absences are accrued and reported in the government-wide financial statements. No expenditure is reported in the government fund level statements for these amounts until payment is made. Compensated absences liability is based on current rates of pay. This is accounted for pursuant to GASB Statement No. 16, *Accounting for Compensated Absences*.

Long Term Debt

In the government-wide financial statements, outstanding debts are reported as liabilities. The governmental fund financial statements recognize the proceeds of debt as other financial sources of the current period. Issuance costs are reported as expenditures.

Governmental Fund Balances

The County adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Type Definitions* (GASB Statement No. 54). This GASB Statement clarifies governmental fund balance classifications and fund-type definitions. Fund balances are classified either as non-spendable or spendable. See Note 12.

Net position

For the year ending September 30, 2017, the County reports net position as restricted or unrestricted. Restricted net position have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is comprised of all other balances, including committed, assigned and unassigned.

Encumbrances

Encumbrances represent commitments in the form of purchase orders which are chargeable to an appropriation and for which a part of the appropriation is reserved. Encumbrances do not represent expenditures or liabilities. The County does not record encumbrances outstanding at year end.

Management Estimates and Assumptions

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that future time.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standards Adopted

In fiscal year 2017, the County adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- GASB Statement No. 77, Tax Abatement Disclosures.
- GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans.
- GASB Statement No. 80, Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14

GASB Statement No. 74 (GASB 74) establishes accounting and financial reporting standards, but not funding or budgetary standards, for state and local governmental other postemployment benefit (“OPEB”) plans. The statement replaces Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and Statement No. 57, *OPEB Measurement by Agent Employers and Agent Multiple-Employer Plans*. The adoption of GASB 74 had no impact on the County’s governmental fund financial statements. The requirements of GASB 74 are effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 75 (GASB 75) establishes accounting and financial reporting standards, but not funding or budgetary standards, for state and local governmental postemployment benefits other than pensions (“OPEB”) plans. The statement replaces Statement No. 45, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and Statement No. 57, *OPEB Measurement by Agent Employers and Agent Multiple-Employer Plans*. The adoption of GASB 75 had no impact on the County’s governmental fund financial statements. The requirements of GASB 75 are effective for fiscal years beginning after June 15, 2017 and were early implemented.

GASB Statement No. 77 (GASB 77) defines a tax abatement and contains required disclosures about a reporting government’s own tax abatement agreements and those agreements that are entered into by other governments and that reduce the reporting government’s tax revenues. There was no impact on the County’s financial statements as a result of the implementation of GASB 77. The requirements of GASB 77 are effective for reporting periods beginning after December 15, 2015.

GASB Statement No. 78 (GASB 78) amends the scope and applicability of Statement No. 68 *Accounting and Financial Reporting for Pensions*—and amendment of GASB Statement No. 27 to exclude pension plans provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (a) is not a state or local government pension plan, (b) is used to provide defined benefits both to employees of state or local governmental employers and to employees of employers that are not state or local governments,

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The Statement also establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. There was no material impact on the County's financial statements as a result of the implementation of GASB 78. The requirements of GASB 78 are effective for reporting periods beginning after December 15, 2015.

GASB Statement No. 80 (GASB 80) amends the blending requirements for the financial statement presentation of component units of all state and local governments by providing an additional criterion. A component unit should be included in the reporting entity financial statements using the blending method if the component unit is organized as a not-for-profit corporation in which the primary government is the sole corporate member as identified in the component unit's articles of incorporation or bylaws. There was no impact on the County's financial statements as a result of the implementation of GASB 80. The requirements of GASB 80 are effective for reporting periods beginning after June 15, 2016.

Recently Issued But Not Yet Effective

GASB has issued the following pronouncements that may affect future financial position, results of operations, cash flows, or financial presentation of the County upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB		Effective
Statement No.	GASB Accounting Standard	Fiscal Year
81	<i>Irrevocable Split-Interest Agreements</i>	2018
83	<i>Certain Asset Retirement Obligations</i>	2019
84	<i>Fiduciary Activities</i>	2020
85	<i>Omnibus 2017</i>	2018
86	<i>Certain Debt Extinguishment Issues</i>	2018
87	<i>Leases</i>	2021
88	<i>Certain Disclosures Related to Debt, including Direct Borrowings And Direct Payments</i>	2019
89	<i>Accounting for Interest Cost Incurred before the End of a Construction Period</i>	2021

Subsequent Events

The County has evaluated subsequent events through the date of the Independent Auditors' Report which is the date the financials were available to be issued.

NOTE 2 - PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Property Appraiser and Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. Florida Statutes permit counties to levy property taxes at a rate of up to 10 mills for general operations. The 2017 millage rate assessed by the County was 7.7198 mills.

The tax levy of the County is established by the Board prior to October 1, of each year and the Property Appraiser incorporates the County millage into the total tax levy, which includes the various municipalities, the county school board, and other taxing authorities.

All property is assessed according to its fair market value January 1, of each year. Each assessment roll is submitted to the Executive Director of the Florida Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of Florida Statutes.

All taxes become payable on November 1, of each year, or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. Taxes paid in March are without discount.

Delinquent taxes on real property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer.

Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold tax certificates are held by the County.

Delinquent taxes on personal property bear interest of 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations.

NOTE 3 - DEPOSITS AND INVESTMENTS

At year end, the carrying amount of the County's deposits was \$5,823,197 and the bank balance was \$6,252,693. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Florida Statutes authorize the County to invest in certificates of deposit, repurchase agreements and the State Treasurer's Investment Pool. In addition, the statutes allow the County to invest in bonds, notes or other obligations of the United States Government, certain bonds of any state or local government unit, and bonds issued by certain government agencies.

The County invested funds in the Florida State Board of Administration Local Governments Surplus Funds Investment Pool. At September 30, 2017, the market value and the carrying value of these funds was \$273,557. The funds are recorded as equity in pooled investments on the balance sheet at September 30, 2017 (See Note 1 for definition of cash equivalents) and are included in carrying value and bank balance in the first paragraph of this note. Additional information and investment policies regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration at www.sbafla.com/prime.

The State of Florida's Local Government Investment Pool is administered by the Florida State Board of Administration (SBA), which provides regulatory oversight. The powers and duties of the SBA are defined in Florida Statute 218.409. In addition, Chapter 19-7 of the Florida Administrative Code identifies the rules and regulations governing the administration of the State Pool. These rules provide guidance and establish the general operating procedures for the administration of the pool. The SBA provides regulatory oversight for the Florida PRIME Fund. As a pool participant, the County owns a share of the respective pool, not the underlying securities.

The Florida PRIME Fund is an external investment pool that has adopted operating procedures consistent with the requirements of GASB Statement No. 79 to measure its investments at amortized cost. Therefore, the County's investment in PRIME is at amortized cost.

Credit Risk

The credit risk of certain investments, such as investment pools managed by other governments, cannot be categorized as to credit risk because the County investments are not evidenced by specific, identifiable investment securities.

As of September 30, 2017, the County's investment in the Florida PRIME is rated by Standard and Poors and the current rating is AAAM.

Interest Rate Risk

The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2017, is 51 days. Next interest rate reset for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME at September 30, 2017 is 80 days.

Custodial Credit Risk

At September 30, 2017, the County did not hold any deposits or investments that were considered to have a custodial credit risk.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

At September 30, 2017, the County did not have any investments that were considered to have a concentration of credit risk.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable are ambulance receivables accounted for in the County's General Fund. Accounts receivable totaled \$1,191,913 and is shown net of allowance of doubtful accounts and contractual adjustments of \$1,027,249. This allowance represents an uncollected billing ratio based on past history of collections and aged accounts receivable listings. Bad debt expense for the year was \$221,077.

NOTE 5 - INVENTORY OF SUPPLIES

Inventories of fuel are recorded under the purchases method at cost as an expenditure in the County Transportation Trust Fund at the time of purchase. The ending monthly inventory value is recorded as an asset with a related reserved fund balance which indicates that inventory does not constitute "available spendable resources" even though it is a component of net current assets. Cost is determined using the first-in, first-out method.

NOTE 6 - INTERFUND TRANSACTIONS AND BALANCES

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them and to (b) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers for the year ended September 30, 2017, consisted of the following:

Transfers to General Fund from:	
Nonmajor Governmental Funds	\$ 288,866
Fines and Forfeitures Fund	3,939,974
Transfers to Fines and Forfeitures Fund from:	
General Fund	2,851,729
Transfers to Nonmajor Governmental Funds from:	
General Fund	878,411
Transportation Fund	297,325
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Total interfund transfers	\$ 8,256,305

Jefferson County, Florida
Notes to Financial Statements

NOTE 6 - INTERFUND TRANSACTIONS AND BALANCES (CONTINUED)

The purpose of individual fund interfund receivable and payable balances at September 30, 2017 was for pooling of cash balances and loans to other funds. None of the balances are expected to be repaid within the next year.

Interfund receivables/payables for the year ended September 30, 2017, consisted of the following:

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ 1,149,572	\$ 596,941
Fines and Forfeitures Fund	-	426,413
Capital Projects	26	572,370
Transportation Fund	-	439,244
Nonmajor governmental funds		
Landfill	262,206	-
Fire Assessment Fund	276,989	-
SHIP Trust Fund	3,289	-
Grant Fund	260,772	-
E-911 Fund	210,797	-
Debt Service Fund	1,953	-
Literacy Alliance	-	67,986
FEMA Fund		62,650
Total	\$ 2,165,604	\$ 2,165,604

The general fund has amounts due to and from constitutional officers, which represent the return of excess monies due at the end of the fiscal year, from either budget officers or fee officers. All remaining balances resulted from the time lag between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system, and (c) payments between funds are made.

NOTE 7 - DUE FROM OTHER GOVERNMENTS

Due from other governments consists of funds earned as of September 30, 2017, but not yet received by the County. The majority of these amounts were received in October and November 2017.

Jefferson County, Florida
Notes to Financial Statements

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2017, was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 1,737,456	\$ -	\$ -	\$ 1,737,456
Construction in progress	692,273	766,724	-	1,458,997
Total capital assets not being depreciated	2,429,729	766,724	-	3,196,453
Capital assets being depreciated:				
Buildings and improvements	10,506,628	124,315	-	10,630,943
Equipment	8,880,126	1,107,302	264,000	9,723,428
Equipment - Sheriff	2,466,143	74,301	-	2,540,444
Roads	32,071,922	-	-	32,071,922
Total capital assets being depreciated	53,924,819	1,305,918	264,000	54,966,737
Less: Total accumulated depreciation	39,195,705	1,315,941	24,298	40,487,348
Total capital assets being depreciated, net	14,729,114	(10,023)	239,702	14,479,389
Governmental activities capital assets, net	\$ 17,158,843	\$ 756,701	\$ 239,702	\$ 17,675,842

Depreciation expense was charged to functions as follows:

Governmental activities	
General government	\$ 379,076
Public safety	371,676
Physical environment	156,353
Transportation	406,112
Culture and recreation	2,724
Total depreciation expense-governmental activities	\$ 1,315,941

NOTE 9 - LONG-TERM DEBT

The County's long-term debt is to be repaid from governmental activities only.

Items of equipment were acquired in prior years and current year under various installment purchase obligations bearing interest at 2.14% to 5.66% per annum. These obligations require monthly and annual installments of various amounts and expire at various dates through 2021.

The County borrowed funds in the amount of \$1,800,000 to refund the Series 1999 Bonds. The note payable includes interest at 1.84% and includes quarterly payments of \$68,686, including interest, through 2021. The note is collateralized by an assignment of Local Government half-cent sales tax revenues, half-cent supplement sales tax and pari-mutual tax revenues.

The County borrowed funds in the amount of \$604,500 to construct a building in the industrial park. The note payable includes interest at 3.92%, and includes monthly payments of \$4,447, including interest, through August 2031. The note is collateralized by an assignment of Non-Ad Valorem revenues.

The County issued its \$4,615,000 Jefferson County, Florida, Gas Tax Revenue Bonds, Series 2012. The Bonds are dated November 15, 2012 and pays interest at 2% to 2.75% semi-annually on June 1 and December 1 of each year. Principal is payable annually on December 1, 2013 and each December 1 thereafter in amounts varying from \$185,000 in 2013 up to \$265,000 in 2029. The Bonds were issued to provide sufficient funds to finance the cost of the acquisition and construction of certain road improvements in the County. The 2012 Bonds are being issued under the authority of Chapter 125, Part 1, Florida Statutes, as amended, Sections 206.41, Section 206.47 and 336.024, Florida Statutes, as amended and other applicable provisions of law and under and pursuant to Resolution No. 2012-11-15-12-02, adopted by the Board of County Commissioners of the County on November 15, 2012. The Bonds are special obligations of the County and are payable solely from and secured by a prior lien and pledge of (i) a portion of the proceeds of the constitutional fuel tax collected by the State to the Issuer and (ii) all moneys, including investment earnings thereof, in the funds and accounts established under the Resolution.

The County borrowed funds in the amount of \$152,928 to purchase equipment. The note payable includes interest at 3.25%, and includes yearly payments of \$33,779, including interest, through September 2022. The note is collateralized by equipment.

Jefferson County, Florida
Notes to Financial Statements

NOTE 9 - LONG-TERM DEBT (CONTINUED)

Long-term debt activity for the year ended September 30, 2017, was as follows:

	BEGINNING			ENDING	DUE
	BALANCE	ADDITIONS	REDUCTIONS	BALANCE	WITHIN ONE YEAR
Governmental activities:					
Revenue bonds	\$ 4,045,000	\$ -	\$ 200,000	\$ 3,845,000	\$ 200,000
Note payable	1,783,873	217,029	283,836	1,717,066	383,767
Capital lease obligations	991,008	116,976	447,944	660,040	206,651
Compensated absences	458,974	281,146	295,260	444,860	114,743
Landfill closure and post-closure costs	267,371	-	50,694	216,677	54,169
Total	\$ 7,546,226	\$ 615,151	\$ 1,277,734	\$ 6,883,643	\$ 959,330

Jefferson County, Florida
Notes to Financial Statements

NOTE 9 - LONG-TERM DEBT (CONTINUED)

Payments on the revenue bonds, leases payable and notes payable that pertain to the County's governmental activities are made by the debt service funds. The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

Debt service requirements on long-term debt at September 30, 2017 are as follows:

FISCAL YEAR ENDING	GOVERNMENTAL ACTIVITIES			
	REVENUE BONDS		CAPITAL LEASE OBLIGATIONS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
SEPTEMBER 30,				
2018	\$ 200,000	\$ 95,325	\$ 206,651	\$ 18,528
2019	205,000	91,325	277,358	10,479
2020	210,000	87,225	176,031	7,624
2021	215,000	83,025	-	-
2022	220,000	77,650	-	-
2023-2027	1,175,000	311,926	-	-
2028-2032	1,330,000	160,133	-	-
2033-2037	290,000	8,700	-	-
Total	\$ 3,845,000	\$ 915,309	\$ 660,040	\$ 36,631

FISCAL YEAR ENDING	GOVERNMENTAL ACTIVITIES	
	NOTES PAYABLE	
	PRINCIPAL	INTEREST
SEPTEMBER 30,		
2018	\$ 383,767	\$ 44,372
2019	326,664	35,130
2020	333,833	27,960
2021	204,597	20,933
2022	68,911	17,547
2023-2027	207,569	59,264
2028-2032	191,725	15,547
Total	\$ 1,717,066	\$ 220,753

Long-term landfill closure and post-closure liability – this obligation relates to long-term landfill post-closure costs.

NOTE 10 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY

Defined Benefit Plans

The County participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Jefferson County, Florida
Notes to Financial Statements

NOTE 10 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (CONTINUED)

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The employer's contribution rates as of September 30, 2017, were as follows:

Class or Plan	FRS	HIS
Florida Retirement System:		
Regular	6.26%	1.66%
Senior Management Service Class	21.05%	1.66%
Elected county officials' class	43.84%	1.66%
Special Risk	21.61%	1.66%
DROP	11.60%	1.66%

The employer's contributions for the year ended September 30, 2017, were \$774,744 to the FRS and \$100,570 to the HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2017, the County reported a liability for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2017, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2017. The County's proportions of the net pension liabilities were based on the County's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net Pension Liability at June 30, 2017	\$ 8,742,900	\$ 2,002,330
Proportion at:		
Current measurement date	0.0296000%	0.0187000%
Prior measurement date	0.0295000%	0.0187000%
Pension expense (benefit)	\$ 1,594,135	\$ 146,780

Jefferson County, Florida
Notes to Financial Statements

NOTE 10 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (CONTINUED)

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 802,388	\$ (48,431)	\$ -	\$ (4,169)
Changes of assumptions	2,938,232	-	281,459	(173,144)
Net difference between projected and actual earnings on pension plan investments	-	(216,671)	1,110	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	492,387	(119,044)	77,057	(95,627)
County contributions subsequent to the measurement date the measurement date	214,513	-	25,877	-
Total	\$ 4,447,520	\$ (384,146)	\$ 385,503	\$ (272,940)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2017. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	FRS	HIS
2018	\$ 589,766	\$ 27,109
2019	1,354,380	27,109
2020	912,021	27,109
2021	190,567	24,018
2022	592,753	8,034
Thereafter	209,374	(26,693)
Total	\$ 3,848,861	\$ 86,686

NOTE 10 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (CONTINUED)

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2016, was determined by an actuarial valuation dated July 1, 2016, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.10%	N/A
Discount rate	7.10%	3.58%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2017 were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2017:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.60% to 7.10%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 2.85% to 3.58%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

Jefferson County, Florida
Notes to Financial Statements

NOTE 10 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (CONTINUED)

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.00%	3.00%	1.80%
Fixed Income	18.00%	4.50%	4.40%	4.20%
Global Equity	53.00%	7.80%	6.60%	17.00%
Real Estate (Property)	10.00%	6.60%	5.90%	12.80%
Private Equity	6.00%	11.50%	7.80%	30.00%
Strategic Investments	12.00%	6.10%	5.60%	9.70%
Total	100.00%			

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.10%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.58% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS Net Pension Liability		
	Current		
	1% Decrease (6.10%)	Discount Rate (7.10%)	1% Increase (8.10%)
Governmental Employer's proportionate share of the net pension liability	\$15,824,121	\$ 8,742,900	\$ 2,863,864

Jefferson County, Florida
Notes to Financial Statements

NOTE 10 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (CONTINUED)

	HIS Net Pension Liability		
	Current		
	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Governmental Employer's proportionate share of the net pension liability	\$ 2,284,924	\$ 2,002,330	\$ 1,766,945

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Required employer contributions made to the plan during the year ended September 30, 2017, totaled \$151,953.

NOTE 11 - GRANTS

The County participates in several state and federal grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended September 30, 2017, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the County's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined, although the County expects such amounts, if any, to be immaterial.

NOTE 12 - FUND EQUITY

Fund balances are classified based upon a hierarchy of the County's ability to control spending of these fund balances and can be classified in the following categories:

Nonspendable – Amounts that cannot be spent because they are either not spendable in form or they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for purposes stipulated by external parties, constitution provision or enabling legislation.

Committed – Amounts constrained for a specific purpose by the Board of County Commissioners.

Assigned – For the general fund, amounts constrained for the intent to be used for a specific purpose by the Board of County Commissioners. For all governmental funds other than the general fund, any positive remaining amounts not classified as nonspendable, restricted or committed.

Unassigned – All amounts not included in other spendable classifications.

The County had \$18,544 in non-spendable fund balance which represents the inventory balance at September 30, 2017. Committed fund balance totaling \$10,700 at September 30, 2017 represents amounts committed by the Board of County Commissioners for constitutional office capital purchases and operations. The County also had \$102,465 in assigned fund balance for constitutional office capital purchases at September 30, 2017.

NOTE 12 - FUND EQUITY (CONTINUED)

Restricted Fund Balance:

Funds	Purpose			
General Fund	Funding for:			
	Landfill escrow	\$	132,659	
	Medical impact fees		67,370	
	Tourist development tax		58,517	
	Fire impact fees		47,465	
	Court related technology and modernization		56,821	
	Mosquito Control		61,141	
	Total general fund		\$	423,973
Special Revenue Fund	Funding for:			
	Transporation		428,359	
	Fines and Forfeitures		115,488	
	Nonmajor governmental funds			
	E-911	431,371		
	Landfill	247,915		
	Grants	520,376		
	Fire Assessment	285,778		
	Debt Service	277,250		
	Sheriff Special Revenue	9,256		
Total nonmajor governmental funds			1,771,946	
Total restricted fund balance		\$	2,739,766	

NOTE 13 - LITIGATION AND CONTINGENT LIABILITIES

The County is involved in various litigation arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, these matters will be resolved without a material adverse effect on the County's financial position.

NOTE 14 - LANDFILL CLOSURE AND POST CLOSURE CARE COSTS

The County was required by State law to close its landfill which has no further capacity as of September 30, 1994. The post closure cost of maintenance, monitoring and testing are estimated to be approximately \$50,632 per year for the next 8 years. The estimate of post closure costs is based upon information provided by environmental engineers and consultants under contract with the County. The Solid Waste Trust Fund is a special revenue fund maintained by the County to accumulate the assets necessary to fund the post closure liabilities referenced above. The County maintains an escrow account to fund post closure costs annually. The escrow balance at September 30, 2017, was \$132,659.

NOTE 15 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description – The County has implemented Governmental Accounting Standards Board Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions for retiree health insurance.

The Jefferson County Retiree Healthcare Plan (Plan) is a single-employer defined benefit healthcare plan which provides Other Postemployment Benefits (OPEB) to eligible retirees and their eligible dependents. Pursuant to the provisions of Section 112.0801, the Florida Statutes, employees who retire from the County and eligible dependents, may continue to participate in the group health insurance plan. Retirees and their eligible dependents shall be offered the same health insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The Plan does not issue a publicly available financial report.

Eligibility for participation in the Plan is limited to full-time employees of the County, if the criteria have been met to qualify for retirement benefits. See Note 10.

Benefits Provided - The County provides post-employment healthcare to its retirees. Health benefits are provided through the County’s healthcare provider. The benefit levels are the same as those afforded to active employees. Health benefits include inpatient and outpatient medical services and prescriptions.

Membership – At September 30, 2017, there were no terminated employees entitled to benefits by not yet receiving them. The membership of the Plan consisted of:

Active employees	128
Retirees and beneficiaries currently receiving benefits	20
Total membership	148
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Participating employers	1
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Contributions and Funding Policy - A qualifying trust or agency fund has not been authorized by the County. The County negotiates the premium rates with Capital Health Plan. The required contribution is based on pay-as-you-go financing requirements. Retirees and beneficiaries currently receiving benefits are required to contribute 100% of their current premium costs, which for fiscal year 2017 was \$64,790. The chart below shows the cost of the monthly retiree premiums as of the valuation date:

Jefferson County, Florida
Notes to Financial Statements

NOTE 15 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)

<u>Coverage</u>	<u>Capital Health Plan</u>
Retiree	\$ 646.91
Retiree & Spouse	\$ 1,241.33
Retiree & Children	\$ 1,055.39
Family	\$ 1,611.99

OPEB Liability and Expense - At September 30, 2017, the County reported a liability of \$938,966 for the net OPEB liability. The net OPEB liability was measured as of September 30, 2017, and was determined by an actuarial valuation as of October 1, 2016. Standard actuarial update procedures were used to roll forward to the measurement date from the actuarial valuation date.

For the year ended September 30, 2017, the County recognized OPEB expense of \$54,124. At September 30, 2017, the County reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

Actuarial Methods and Assumptions – The total OPEB liability in the October 1, 2016, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50% per annum
Cost of Living Increases:	Increase in accordance with the healthcare cost trend rates
Projected annual salaries increase	3.00% per annum
Healthcare cost trend rate	8.00% initial year reduced 0.5% each year until reaching ultimate trend rate of 5.00%
Mortality	RP-2000 generational table scaled using Scale AA & applied on a gender-specific basis

Discount Rate – The discount rate used to measure the total OPEB liability was 2.80%. The discount rate is based on the 20-year municipal bond index as provided by the Asset Consulting Group.

Jefferson County, Florida
Notes to Financial Statements

NOTE 15 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate -

The following presents the County's proportionate share of the net OPEB liability, as well as what the Library's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (1.80%) or 1 percent point higher (3.80%) than the current discount rate:

	1% Decrease (1.80%)	Current Discount Rate	1% Increase (3.80%)
Net OPEB Liability	\$ 1,026,585	\$ 938,966	\$ 855,662

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate- The following presents the County's proportionate share of the net OPEB liability if it were calculated using healthcare cost trend rates that are 1 percent lower (4.00%) or 1 percent point higher (6.00%) than the current healthcare cost trend rates:

	1% Decrease (7.00% Decreasing to 4.00%)	Current Healthcare Cost Trend Rate (8.00% decreasing to 5.00%)	1% Increase (9.00% decreasing to 6.00%)
Net OPEB Liability	\$ 817,969	\$ 938,966	\$ 1,087,154

NOTE 16 - OPERATING LEASES

The County currently leases office space from Jefferson County, Florida School Board for \$24,000 per year. The County also has various equipment leases. During fiscal year 2017, the County entered an operating lease for two Mack dump trucks. The lease term is \$25,000 down and five yearly payments of \$53,871 for five years if the County chose to exercise the lease agreement past September 30, 2017. The County returned the trucks after year end. The future minimum lease payments due from the County are as follows, for the years ended September 30:

2018	\$	77,871
2019		53,871
2020		53,871
2021		53,871
2022		53,871
Total	\$	293,355

NOTE 17 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and/or the public; or damage to property of others. The County purchases commercial insurance against losses for the following types of risk:

- Real and Personal Property Damage
- Public Employees Bond
- Workers' Compensation and employer's liability
- General and automobile Liability
- Comprehensive General Liability
- Accidental death and dismemberment
- Public officials' liability
- Inmate major medical

The Sheriff participates in the Florida Sheriff's Self-Insurance Fund program, which is a public entity risk pool that permits the Sheriff to cover risk relating to professional liability, public officials' liability, public employees' blanket bond, and money and securities coverage. The Sheriff purchases commercial insurance to cover other risks and losses.

NOTE 18 - COMMITMENTS AND CONTINGENCIES

Contractual Commitments

At September 30, 2017, the Board had contractual commitments for construction projects in excess of amounts recognized in the financial statements.

NOTE 19 - SUBSEQUENT EVENTS

Subsequent to year end, the County has signed agreements with various agencies for grant funding for various projects.

Subsequent to year end, the County also approved multiple construction contracts totaling over \$2.2 million to be completed within the 2018 fiscal year.

On January 4, 2018, the Board of County Commissioners authorized issuance of Gas Tax Revenue Bonds, Series 2018 for the purpose of financing cost of transportation improvements in the amount of \$5,850,000.

NOTE 20 - DEFICIT FUND BALANCES

The Board had two special revenue funds with deficit fund balances as of September 30, 2017 as follows:

Funds	Amount
FEMA Fund	\$ (2,025)
Capital Projects Fund	\$ (71,417)

They will be funded by future revenues in the next fiscal year.

NOTE 21 - BUDGETARY INFORMATION

The County had expenditures that were in excess of their budget in the following funds:

Funds	Amount
Transportation	\$ (629,758)
Capital Projects	\$ (336)

This is a technical violation of Florida Statutes, Chapter 129.

NOTE 22 – PRIOR PERIOD ADJUSTMENTS

Beginning fund balance for the Fines and Forfeitures fund was restated by \$119,000 as of and for the year ended September 30, 2016 to correct an error related to rent payable to Jefferson County School Board. Expenses on the Statement of Revenues, Expenditures, and Changes in Fund Balance would increase by \$24,000 for the year ended September 30, 2016 and the remaining amount was for prior years.

Beginning fund balance for the Transportation fund was restated by \$59,588 as of and for the year ended September 30, 2016 to correct errors related to overstated inventory of \$82,588 and an overpayment of accounts payable of \$23,000 in the prior year. Expenses on the Statement of Revenue, Expenditures, and Changes in Fund Balance would decrease by \$59,588 for the year ended September 30, 2016.

Beginning fund balance for the State Housing Initiative Partnership (SHIP) funds was restated by \$129,935 to correct an error in the deferred revenue as of September 30, 2016. There was no effect on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the year ended September 30, 2016.

Beginning fund balance for the General fund was restated by \$46,146 as of and for the year ended September 30, 2016 to correct an error in accounts payable of \$100,000 and Due from Other Governments of \$53,854. Intergovernmental Revenues would decrease by \$53,854 and expenses would decrease by \$100,000 on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the year ended September 30, 2016.

Beginning fund balance for the Fire fund was restated by \$28,118 and as of and for the year ended September 30, 2016 to correct overstatement of accounts payable related to a lease purchase.

Jefferson County, Florida
Notes to Financial Statements

NOTE 22 – PRIOR PERIOD ADJUSTMENTS (CONTINUED)

Expenses on the Statement of Revenue, Expenditures, and Changes in Fund Balance would decrease by \$28,118 for the year ended September 30, 2016.

Beginning fund balance for the Landfill fund was restated by \$35,981 to correct overstatement of accounts payable as of September 30, 2016. There was no effect on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the year ended September 30, 2016.

Beginning fund balance for E911 fund was restated by \$27,760 to correct error in Due from Other Government Unit as of and for the year ended September 30, 2016. Revenues on the Statement of Revenues, Expenditures, and Changes in Fund Balance would decrease by \$27,760 for the year ended September 30, 2016.

NOTE 23 – CHANGE IN ACCOUNTING PRINCIPLE

The County restated the beginning net position of the governmental activities as follows to implement provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*:

	Governmental Activities
Net position - beginning of the year, as previously reported after prior period adjustments	\$ 10,275,908
Restatement:	
Net OPEB liability	(440,842)
Net position - beginning of the year, as restated	\$ 9,835,066



**COMBINING FINANCIAL
STATEMENTS**

Jefferson County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds (Page 1 of 2)

September 30, 2017

	Special Revenue					
	SHIP Trust Fund	Grants Fund	Fire Assessment	Payroll	E-911 Fund	Landfill
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 2,953	\$ -	\$ -
Restricted cash and cash equivalents	51,792	174,928	-	-	-	-
Due from other funds	3,289	260,772	276,989	-	210,797	262,206
Due from other governmental units	-	95,439	13,397	-	424,804	32,858
Total assets	\$ 55,081	\$ 531,139	\$ 290,386	\$ 2,953	\$ 635,601	\$ 295,064
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ 11,051	\$ 4,608	\$ 2,953	\$ 204,230	\$ 47,149
Interest payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenue	55,081	-	-	-	-	-
Total liabilities	55,081	11,051	4,608	2,953	204,230	47,149
Fund balances						
Restricted	-	520,088	285,778	-	431,371	247,915
Unassigned	-	-	-	-	-	-
Total fund balances	-	520,088	285,778	-	431,371	247,915
Total liabilities and fund balances	\$ 55,081	\$ 531,139	\$ 290,386	\$ 2,953	\$ 635,601	\$ 295,064

See Independent Auditors' Report

Jefferson County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds (Page 2 of 2)

September 30, 2017

	Debt Service	FEMA	Literacy Alliance	Sheriff Special Revenue	Total Non-Major Governmental Funds
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 2,953
Restricted cash and cash equivalents	312,205	-	102,370	9,256	650,551
Due from other funds	1,953	-	-	-	1,016,006
Due from other governmental units	-	60,625	-	-	627,123
Total assets	\$ 314,158	\$ 60,625	\$ 102,370	\$ 9,256	\$ 2,296,633
Liabilities					
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ 269,991
Interest payable	36,908	-	-	-	36,908
Due to other funds	-	62,650	67,986	-	130,636
Unearned revenue	-	-	34,096	-	89,177
Total liabilities	36,908	62,650	102,082	-	526,712
Fund balances					
Restricted	277,250	-	288	9,256	1,771,946
Unassigned	-	(2,025)	-	-	(2,025)
Total fund balances	277,250	(2,025)	288	9,256	1,769,921
Total liabilities and fund balances	\$ 314,158	\$ 60,625	\$ 102,370	\$ 9,256	\$ 2,296,633

See Independent Auditors' Report

Jefferson County, Florida
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (Page 1 of 2)

For the year ended September 30, 2017

	Special Revenue					
	SHIP Trust Fund	Grants Fund	Fire Assessment	Payroll	E-911 Fund	Landfill
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	215,390	\$ -
Grants	529,938	332,495	3,342	-	393,830	183,151
Charges for services	-	-	-	-	-	69,422
Investment earnings	24	5	-	-	-	1,425
Other fees and miscellaneous revenues	-	-	762,237	-	-	1,298,482
Total revenues	529,962	332,500	765,579	-	609,220	1,552,480
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	106,943	-
Fire safety	-	-	794,696	-	-	-
Health and sanitation	-	-	-	-	-	1,504,271
Transportation	-	-	-	-	-	-
Economic development	529,962	328,699	-	-	-	-
Capital outlay	-	-	236,448	-	393,830	41,150
Debt service	-	-	-	-	-	-
Principal	-	-	24,607	-	-	-
Interest and other charges	-	-	3,510	-	-	-
Total expenditures	529,962	328,699	1,059,261	-	500,773	1,545,421
Excess (deficiency) of revenues over (under) expenditures	-	3,801	(293,682)	-	108,447	7,059
Other financing sources (uses)						
Transfers in	-	-	599,976	-	-	-
Transfers out	-	-	(7,984)	-	(270,000)	(10,882)
Net other financing sources (uses)	-	-	591,992	-	(270,000)	(10,882)
Net change in fund balances	-	3,801	298,310	-	(161,553)	(3,823)
Fund balances - beginning as previously reported	129,935	516,287	(40,650)	-	565,164	215,757
Prior Period Adjustments - Note 22	(129,935)	-	28,118	-	27,760	35,981
Fund balances - beginning as previously reported	-	516,287	(12,532)	-	592,924	251,738
Fund balances - ending	\$ -	\$ 520,088	\$ 285,778	\$ -	\$ 431,371	\$ 247,915

See Independent Auditors' Report

Jefferson County, Florida

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (Page 2 of 2)

For the year ended September 30, 2017

	Debt Service	FEMA	Literacy Alliance	Sheriff Special Revenue	Total Non-Major Governmental Funds
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	215,390
Grants	-	-	193,420	-	1,636,176
Charges for services	-	-	-	-	69,422
Investment earnings	817	-	287	44	2,602
Other fees and miscellaneous revenues	-	-	-	35,909	2,096,628
Total revenues	817	-	193,707	35,953	4,020,218
Expenditures					
Current:					
General government	361	-	-	-	361
Public safety	-	-	-	94,587	201,530
Fire safety	-	-	-	-	794,696
Health and sanitation	-	-	-	-	1,504,271
Transportation	-	2,025	-	-	2,025
Economic development	-	-	-	-	858,661
Culture and recreation	-	-	193,419	-	193,419
Capital outlay	-	-	-	14,175	685,603
Debt service					
Principal	454,363	-	-	-	478,970
Interest and other charges	117,707	-	-	-	121,217
Total expenditures	572,431	2,025	193,419	108,762	4,840,753
Excess (deficiency) of revenues over (under) expenditures	(571,614)	(2,025)	288	(72,809)	(820,535)
Other financing sources (uses)					
Transfers in	575,760	-	-	-	1,175,736
Transfers out	-	-	-	-	(288,866)
Proceeds from long-debt	-	-	-	-	-
Net other financing sources (uses)	575,760	-	-	-	886,870
Net change in fund balances	4,146	(2,025)	288	(72,809)	66,335
Fund balances - beginning as previously reported	273,104	-	-	82,065	1,741,662
Prior Period Adjustments - Note 22	-	-	-	-	(38,076)
Fund balances - beginning as previously reported	273,104	-	-	82,065	1,703,586
Fund balances - ending	\$ 277,250	\$ (2,025)	\$ 288	\$ 9,256	\$ 1,769,921

See Independent Auditors' Report

Jefferson County, Florida
Combining Statement of Fiduciary Net Position
Agency Funds

September 30, 2017

	Clerk of the Circuit Court	Tax Collector	Sheriff	Total
Assets				
Cash and cash equivalents	\$ 245,873	\$ 1,194,391	\$ 14,350	\$ 1,454,614
Total assets	\$ 245,873	\$ 1,194,391	\$ 14,350	\$ 1,454,614
Liabilities				
Due to other governments	\$ -	\$ 1,154,945	\$ -	\$ 1,154,945
Due to other funds	14,985	39,446	-	54,431
Due to others	230,888	-	14,350	245,238
Total liabilities	\$ 245,873	\$ 1,194,391	\$ 14,350	\$ 1,454,614

See Independent Auditors' Report



**REQUIRED SUPPLEMENTARY
INFORMATION**

Jefferson County, Florida
Schedule of Proportional Share of Net Pension Liability - FRS
(Last 5 Fiscal Years)

	2017	2016	2015	2014	2013
County's proportion of the net pension liability (asset)	0.029600%	0.029500%	0.029500%	0.027500%	0.024300%
County's proportionate share of the net pension liability (asset)	\$ 8,742,900	\$ 7,441,356	\$ 3,809,280	\$ 1,674,948	\$ 4,185,158
County's covered - employee payroll	\$ 6,397,923	\$ 6,117,786	\$ 6,080,100	\$ 5,874,049	\$ 5,823,171
County's proportionate share of the net pension liability (asset) as a percentage of its own covered - employee payroll	136.65%	121.63%	62.65%	28.51%	71.87%
FRS Plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%	92.00%	96.09%	N/A

Note: Data was unavailable prior to 2013

Notes to schedules:

The amounts presented for each fiscal year for the FRS and HIS were determined as of the measurement date, which was June 30th of the current fiscal year.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

See Independent Auditors' Report

Jefferson County, Florida
Schedule of Contributions - FRS
(Last 5 Fiscal Years)

	2017	2016	2015	2014	2013
Contractually required contributions	\$ 774,744	\$ 745,245	\$ 719,039	\$ 601,305	\$ 327,165
Contributions in relation to the contractually required contribution	(774,744)	(745,245)	(719,039)	(601,305)	(327,165)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered-employee payroll	\$ 6,397,923	\$ 6,117,786	\$ 6,080,100	\$ 5,874,049	\$ 5,823,171
Contributions as a percentage of covered-employee payroll	12.11%	12.18%	11.83%	10.24%	5.62%

Notes to schedules:

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

See Independent Auditors' Report

Jefferson County, Florida
Schedule of Proportional Share of Net Pension Liability - HIS
(Last 5 Fiscal Years)

	2017	2016	2015	2014	2013
County's proportion of the net pension liability (asset)	0.018700%	0.018700%	0.018900%	0.018600%	0.022700%
County's proportionate share of the net pension liability (asset)	\$ 2,002,330	\$ 2,182,199	\$ 1,926,120	\$ 1,741,841	\$ 1,669,844
County's covered - employee payroll	\$ 6,397,923	\$ 6,117,786	\$ 6,080,100	\$ 5,874,049	\$ 5,823,171
County's proportionate share of the net pension liability (asset) as a percentage of its own covered - employee payroll	31.30%	35.67%	31.68%	29.65%	28.68%
HIS Plan fiduciary net position as a percentage of the total pension liability	1.64%	0.97%	0.50%	0.99%	N/A

Note: Data was unavailable prior to 2013

Notes to schedules:

The amounts presented for each fiscal year for the FRS and HIS were determined as of the measurement date, which was June 30th of the current fiscal year.

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

See Independent Auditors' Report

Jefferson County, Florida
Schedule of Contributions - HIS
(Last 5 Fiscal Years)

	2017	2016	2015	2014	2013
Contractually required contributions	\$ 100,570	\$ 96,042	\$ 72,196	\$ 63,866	\$ 62,827
Contributions in relation to the contractually required contribution	(100,570)	(96,042)	(72,196)	(63,866)	(62,827)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered-employee payroll	\$ 6,397,923	\$ 6,117,786	\$ 6,080,100	\$ 5,874,049	\$ 5,823,171
Contributions as a percentage of covered-employee payroll	1.57%	1.57%	1.19%	1.09%	1.08%

Notes to schedules:

GASB Statement No. 68 was implemented in 2015. Until a full 10-year trend is compiled, information for those years for which it is available will be presented.

See Independent Auditors' Report

Jefferson County, Florida
**Schedule of County's Proportionate Share of the Net OPEB Liability
 Last 10 Fiscal Years***

	2017
County's portion of the net OPEB liability	100.00%
County's proportionate share of the net OPEB liability	\$ 938,966
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%

Notes to schedules:

Contributions to the OPEB plan are not based on a measure of pay, therefore, no measure of payroll is presented.

Changes of benefit terms – In the October 1, 2016, actuarial valuation, there were no changes of benefit terms.

Changes of assumptions – In the October 1, 2016 actuarial valuation, there were no changes of assumptions.

*** Fiscal year 2017 was the first year of implementation, therefore only one year is shown.**



COMPLIANCE SECTION



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

To the Honorable Board of County Commissioners
and Constitutional Officers of Jefferson County, Florida
Monticello, Florida

We have audited, in accordance with the 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 of the United States, the financial statements of the governmental activities, and each major fund and the aggregate remaining fund information of Jefferson County, Florida (the "County") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise Jefferson County, Florida's basic financial statements and have issued our report thereon dated December 6, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control 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 that may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies, listed as Board 2017-001, Board 2017-002, Board 2016-001, Board 2016-002, Board 2008-001, Clerk 2017-001, Clerk 2017-002, Clerk 2017-003, Clerk 2017-004, Clerk 2017-005, Clerk 2015-001, Clerk 2008-001, and Clerk 2008-002 described in the accompanying schedule of findings and questioned costs to be material weaknesses.

To the Honorable Board of County Commissioners
and Constitutional Officers of Jefferson County, Florida
Monticello, Florida

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the schedule of findings and questioned costs as items Board 2015-001, Board 2014-001, Board 2013-002, Board 2008-002, Clerk 2008-001, Sheriff 2008-001, SOE 2008-001, and SOE 2008-002, to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the summary schedule of findings and questioned cost as items Clerk 2017-001 and Clerk 2017-004.

We also noted certain other matters that we reported to the management of the County in a separate letter dated December 6, 2018.

Jefferson County's Response to Findings

Jefferson County, Florida's written response to the findings identified in our audit is described in the accompanying letter. We did not audit the County's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report is intended solely for the information and use of the County, Constitutional Officers and management, the State of Florida Auditor General, specific legislative or regulatory bodies, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Marianna, Florida
December 6, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE
PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
CHAPTER 10.550, RULES OF THE FLORIDA AUDITOR GENERAL**

To the Honorable Board of County Commissioners
and Constitutional Officers of Jefferson County, Florida
Monticello, Florida

Report on Compliance for Each Major State Project

We have audited Jefferson County, Florida, Board of County Commissioners' (the County) compliance with the types of compliance requirements described in the Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on each of its major state projects for the year ended September 30, 2017. Jefferson County, Florida's major state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General. Those standards and Chapter 10.550, Rules of the Florida Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

To the Honorable Board of County Commissioners
and Constitutional Officers of Jefferson County, Florida
Monticello, Florida

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major State Project

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2017.

Report on Internal Control Over Compliance

Management of the County, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board's internal control over compliance with the types of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Florida Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Honorable Board of County Commissioners
and Constitutional Officers of Jefferson County, Florida
Monticello, Florida

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, Rules of the Florida Auditor General. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Marianna, Florida
December 6, 2018

Jefferson County, Florida
Schedule of Expenditures of
State Financial Assistance Projects

For the year ended September 30, 2017

State Agency State Program Title State Financial Assistance Projects	CSFA Number	Grant/ Contract Number	Expenditures
Florida Housing Finance Corporation			
Florida Housing Finance Corporation Program			
State Housing Initiatives Partnership Program (SHIP)	40.901	n/a	\$ 529,938
Total Florida Housing Finance Corporation			529,938
Florida Department of State and Secretary of State			
Library and Information Services Program			
State Aid to Libraries	45.030	17-ST-94	167,282
Historical Resources Preservation and Exhibition Program			
Acquisition, Restoration of Historic Property - Monticello High School	45.032	SC617	322,401
Historic Preservation Grant - Lamont School	45.031	S1713	30,000
Total Florida Department of State and Secretary of State			519,683
Florida Executive Office of the Governor			
Emergency Management Program			
Emergency Management Programs - Preparedness & Assistance	31.063	17-BG-83-02-43-01-039	105,806
Total Executive Officer of the Governor			105,806
Florida Department of Environmental Protection			
Waste Management Program			
Cooperative Collection Center Grant	37.007	SO950	46,623
Small County Consolidated Grant - Solid Waste	37.012	SC719	90,909
Total Florida Department of Environmental Protection			137,532

See Independent Auditors' Report and Notes to Schedule of Expenditures of State Financial Assistance Projects

Jefferson County, Florida
Schedule of Expenditures of
State Financial Assistance Projects

For the year ended September 30, 2017

State Agency State Program Title State Financial Assistance Projects	CSFA Number	Grant/ Contract Number	Expenditures
Florida Department of Transportation			
Highway Operations			
County Incentive Grant Program	55.008	G0D88	299,011
Total Highway Operations			299,011
Transportation Systems Operations Program			
Small County Outreach Program (SCOP) - Barrington Road	55.009	G0302/435187-1-54-01	144,032
Small County Outreach Program (SCOP) - Big Joe Road	55.009	G0303/436825-1-54-01	380,861
Total SCOP			524,893
Highway Operations Program			
Small County Road Assistance Program (SCRAP) - Piney wood Rd.	55.016	G0342	317,031
Small County Road Assistance Program (SCRAP) - St. Augustine Rd.	55.016	G0343	410,878
Small County Road Assistance Program (SCRAP) - Freeman Rd	55.016	G0D87	166,447
Small County Road Assistance Program (SCRAP) - W. Lake Rd.	55.016	G0J17	85,778
Small County Road Assistance Program (SCRAP) - Thompson Valley	55.016	G0J28	147,585
Total SCRAP			1,127,719
Florida Department of Transportation			1,951,623
Florida Department of Health			
Emergency Medical Services Program			
EMS Matching Awards - County Grant	64.005	C5033	6,803
Total Florida Department of Health			6,803
Florida Department of Agriculture			
Consumer Protection Program			
Mosquito Control	42.003	n/a	32,641
Total Florida Department of Agriculture			32,641
Florida Department of Management Services			
E911 - GIS Center Line Services	72.002	S9-16-12-10	162,604
E911- Backup System Replacement	72.002	S9-16-12-09	31,175
E911 - E911 System Replacement (Operating System)	72.002	16-10-15	200,051
Total Florida Department of Management Services			393,830
Total Expenditures of State Financial Assistance Projects			\$ 3,677,856

NOTE: There were no State Financial Assistance Projects passed through to subrecipients.

*See Independent Auditors' Report and Notes to Schedule of Expenditures of State Financial Assistance
Projects*

Jefferson County, Florida
Notes to Schedule of Expenditures of
State Financial Assistance Projects
For the year ended September 30, 2017

NOTE 1 - BASIS OF ACCOUNTING

The supplementary Schedule of Expenditures of State Financial Assistance Projects includes the grant activity of Jefferson County, Florida (the County). State expenditures are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of Chapter 10.550, Rules of the Florida Auditor General. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - REPORTING ENTITY

The County for purposes of the supplementary Schedule of Expenditures of State Financial Assistance Projects includes all the funds of the primary government as defined by GASB 14, *The Financial Reporting Entity*.

NOTE 3 - INDIRECT COST

The County has not elected to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – OTHER TYPES OF FINANCIAL ASSISTANCE

There were no other types of financial assistance to include endowments, insurance in effect, non-cash assistance, donated property, or free rent received or included in the schedule of expenditures of state financial assistance.

Jefferson County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2017

A. SUMMARY OF AUDIT RESULTS

1. The Independent Auditors' Report expresses an unmodified opinion on the financial statements of Jefferson County, Florida (the County).
2. Material weaknesses and significant deficiencies disclosed during the audit of the financial statements are reported in the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*." The findings listed as Board 2017-001, Board 2017-002, Board 2016-001, Board 2016-002, Board 2008-001, Clerk 2017-002, Clerk 2017-003, Clerk 2017-005, Clerk 2015-001, Clerk 2008-001, and Clerk 2008-002 are material weaknesses. In addition, the findings listed as Board 2015-001, Board 2014-001, Board 2008-002, Sheriff 2008-001, SOE 2008-001, and SOE 2008-002 are significant deficiencies.
3. No instances of noncompliance material to the financial statements of the County were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of the major state financial assistance projects are reported in the "Independent Auditors' Report on Compliance for Each Major State Project and on Internal Control over Compliance Required by Chapter 10.550, Rules of the Auditor General".
5. The "Independent Auditors' Report on Compliance for Each Major State Project and on Internal Control Over Compliance Required by Chapter 10.550, Rules of the Florida Auditor General" for Jefferson County, Florida expresses an unmodified opinion.
6. There were no findings relative to the major state financial assistance projects for Jefferson County, Florida.
7. The programs/projects tested as major programs/projects included the following:

State Projects	CSFA No.
Florida Department of Management Services	
E911 State Grant Program	72.002
Florida Department of Transportation	
Small County Road Assistance Program	55.016
Small County Outreach Program	55.009
8. The threshold for distinguishing Type A and Type B programs/projects was \$300,000 for major state financial assistance projects.
9. Jefferson County, Florida did not qualify as a low-risk auditee.

Jefferson County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2017

B. FINDINGS - FINANCIAL STATEMENT AUDIT

BOARD OF COUNTY COMMISSIONERS

Zika Mosquito Control Payments - Board 2017-001

CRITERIA: The County must retain and submit documentation of costs related to mosquito control to earn payments from an agreement with the State of Florida for Zika Mosquito Control.

CONDITION: Required monthly reports and supporting documentation for costs related to this agreement were not available.

CAUSE: The agreement was prepared and funding advanced in a manner that was unusual and unfamiliar to County staff. This created a lack of understanding of the recordkeeping requirements.

EFFECT: The County does not appear to be in compliance with their agreement to provide reporting and documentation of costs. Funds totaling \$30,000 may be required to be repaid to the State of Florida.

RECOMMENDATION: We recommend that management closely monitor all grants and similar agreements for documentation and compliance.

VIEW OF RESPONSIBLE OFFICIALS: See Management's Response and Corrective Action Plan on pages 84-85.

Capital Outlay Classification and Recording - Board 2017-002

CRITERIA: Generally accepted accounting principles require expenditures to be properly recorded between capital outlay and repairs.

CONDITION: Many capital asset expenditures were incorrectly recorded as maintenance type expenditures. As a result, these transactions were not included as capital asset additions on the initial depreciation schedule. The capital asset inventory schedule did not contain all current year additions and subsequent deletions.

CAUSE: Accounting staff does not carefully distinguish between capital outlay and repairs when recording transactions.

EFFECT: Transactions were not properly classified on the general ledger, depreciation schedules and asset inventory information was inaccurate.

Jefferson County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2017

Capital Outlay Classification and Recording - Board 2017-002 (Continued)

RECOMMENDATION: All transactions should be reviewed for proper recording and classification. Particular attention should be given to distinguishing between capital outlay and maintenance type expenditures. Capital outlay costs should be recorded in the fixed asset records for accountability and reconciled to the general ledger on a timely basis. We further recommend the County seek assistance from an accounting professional to work with existing staff and provide accounting guidance and oversight.

VIEW OF RESPONSIBLE OFFICIALS: See Management's Response and Corrective Action Plan on pages 84-85.

Lease-Purchase of Equipment - Board 2016-001

CRITERIA: The purchase of fixed assets under a lease-purchase financial arrangement should be recorded at the gross purchase price with a corresponding liability based on the conditions of the lease.

CONDITION: Equipment purchased through lease-purchase financing arrangements was not properly recorded. Payments on this debt were not properly charged to principal and interest.

CAUSE: Accounting staff was unfamiliar with the requirements related to recording lease-purchase transactions.

EFFECT: The expenditures for capital outlay and related liabilities were understated and payments were not properly recorded to principal and interest.

RECOMMENDATION: All lease-purchase debt and related capital outlay should be properly recorded and payments charged to principal and interest. We further recommend the County seek assistance from an accounting professional to work with existing staff and provide accounting guidance and oversight.

STATUS: This condition continues to exist. There were multiple transactions related to lease purchases which were not recorded properly in 2017.

VIEW OF RESPONSIBLE OFFICIALS: See Management's Response and Corrective Action Plan on pages 84-85.

Classification of Revenues - Board 2016-002

CRITERIA: Receipts and revenues should be accurately classified based on the source of funds.

CONDITION: Various transactions were posted to Miscellaneous Revenues instead of properly classifying them as debt proceeds, grants or other revenue sources.

Jefferson County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2017

Classification of Revenues - Board 2016-002 (Continued)

CAUSE: Accounting staff used Miscellaneous Revenues to record receipts which were not part of normal, recurring operations such as debt proceeds and grants.

EFFECT: Miscellaneous Revenues were overstated, the accounting reports did not properly reflect the specific revenues received.

RECOMMENDATION: Transactions should be properly recorded and classified in accounts which clearly reflect the source of funds. We further recommend the County seek assistance from an accounting professional to work with existing staff and provide accounting guidance and oversight.

STATUS: This condition continues to exist. There were multiple transactions recorded in Miscellaneous Revenues which were not recorded properly in 2017 including debt proceeds and grants.

VIEW OF RESPONSIBLE OFFICIALS: See Management's Response and Corrective Action Plan on pages 84-85.

Grant Accounting - Board 2015-001

CRITERIA: The accrual basis of accounting should be used to record grant transactions.

CONDITION: Some grant transactions were recorded on a cash basis instead of the accrual basis of accounting. As a result, adjustments were necessary to properly match revenues with expenditures.

CAUSE: Accounting staff recorded transactions on the cash basis.

EFFECT: Certain receivables, deferrals and payables were not recorded on a timely basis.

RECOMMENDATION: Accrual basis accounting must be followed to accurately record grant revenues and expenditures in the proper period. Account balances must be reviewed for proper cutoff and correct period of recognition including grant receivables, accounts payable and deferred income. We further recommend the County seek assistance from an accounting professional to work with existing staff and provide accounting guidance and oversight.

STATUS: This condition continues to exist.

VIEW OF RESPONSIBLE OFFICIALS: See Management's Response and Corrective Action Plan on pages 84-85.

Jefferson County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2017

Accrual Accounting - Board 2014-001

CRITERIA: The accrual basis of accounting should be used to record transactions.

CONDITION: Many transactions were recorded on a cash basis instead of the accrual basis of accounting. As a result, significant adjustments were necessary to properly record expenditures and revenues in the correct period.

CAUSE: Accounting staff recorded transactions on the cash basis.

EFFECT: Certain receivables, deferrals and payables were not accurately recorded on a timely basis.

RECOMMENDATION: Accrual basis accounting must be followed to accurately record revenues and expenditures in the proper period. Account balances must be reviewed for proper cutoff and correct period of recognition including receivables, accounts payable and deferred income. We further recommend the County seek assistance from an accounting professional to work with existing staff and provide accounting guidance and oversight.

VIEW OF RESPONSIBLE OFFICIALS: See Management's Response and Corrective Action Plan on pages 84-85.

Accounts Receivable - Board 2013-002

CRITERIA: An allowance for doubtful accounts should be recorded to accurately reflect the expected realizable value of ambulance accounts receivable. Amounts determined to be uncollectible should be written off.

CONDITION: The allowance for doubtful ambulance accounts receivable was not adjusted at year end and was understated. Uncollectible accounts were not monitored and written off on a timely basis.

CAUSE: Accounting staff recorded transactions on the cash basis.

EFFECT: Failure to properly manage accounts receivable and the related allowance for doubtful accounts caused net assets to be overstated.

RECOMMENDATION: Accounts receivable should be reviewed and monitored regularly. Accounts considered uncollectible should be written off in a timely manner. The allowance for doubtful accounts should be reviewed and adjusted to properly reflect realizable values. We further recommend the County seek assistance from an accounting professional to work with existing staff and provide accounting guidance and oversight.

VIEW OF RESPONSIBLE OFFICIALS: See Management's Response and Corrective Action Plan on pages 84-85.

Jefferson County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2017

Segregation of Duties - Board 2008-001

CRITERIA: The internal control environment should include proper segregation of duties and responsibilities over accounting functions.

CONDITION: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedures, was not considered feasible by the County because of its size and limited number of employees. The County recognizes that the cost of its internal control structure should not exceed the benefits expected to be derived. The County also recognizes the inherent limitations of an internal control structure. Mistakes and irregularities may occur in any event with or without an adequate internal control structure. Furthermore adequate segregation of duties can be circumvented by collusion among persons. Nevertheless, internal control is strengthened when incompatible duties are separated and review procedures are established and adhered to.

CAUSE: The County has limited personnel in the accounting department.

EFFECT: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

RECOMMENDATION: We recommended that the County continue to seek ways to strengthen internal control through segregation of duties.

STATUS: There is still a lack of segregation of duties between employees who have recordkeeping responsibilities and employees with custody of County assets.

VIEW OF RESPONSIBLE OFFICIALS: See Management's Response and Corrective Action Plan on pages 84-85.

Deficiency over Financial Reporting – Board 2008-002

CRITERIA: An entity's system of internal control over financial reporting should include controls over the prevention, detection and correction of misstatements in the audited financial statements.

CONDITION: The County relies on the external auditor to assist with preparing the financial statements in conformity with generally accepted accounting principles.

CAUSE: The County has an individual providing bookkeeping services; however, the County does not have an individual on staff with accounting education and experience to properly record more complex accounting transactions and prepare financial statements in accordance with generally accepted accounting principles.

EFFECT: The fact the County does not have someone on staff to prepare the financial statements in accordance with generally accepted accounting principles and to record complex accounting transactions results in a material weakness under professional standards.

Jefferson County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2017

Deficiency over Financial Reporting – Board 2008-002 (Continued)

RECOMMENDATION: We understand the cost-benefit of employing someone with this expertise is not practical, therefore, we recommend the County continue to request outside assistance in recording more complex transactions and that additional training and/or education be provided to existing staff to enable them to more accurately record financial activities.

VIEW OF RESPONSIBLE OFFICIALS: See Management’s Response and Corrective Action Plan on pages 84-85.

CLERK OF CIRCUIT COURT

Public Records Modernization Fund Expenditures – Clerk 2017-001

CRITERIA: Per Florida Statute 28.24(12)(d), funds in the Public Records Modernization Trust Fund must be used exclusively for equipment, maintenance, personnel training and technical assistance in modernizing the public records system of the Clerk’s office.

CONDITION: An expenditure of \$7,654 was made from the Public Records Modernization Trust Fund to an individual in a supervisory position for consulting services which were not adequately documented. There was no report issued for this matter and the services described are identical in nature and amount to an expenditure made in the previous fiscal year. Additional transfers totaling \$41,494 were made from restricted funds to operating funds to reimburse for expenditures which had already been reimbursed under Article V reporting.

CAUSE: The expenditures were made without proper documentation or consideration of requirements for the use of these funds.

EFFECT: The County is not in compliance with Florida Statute 28.24(12)(d). The amounts expended totaling \$49,148 should be restored to the Public Records Modernization Trust Fund from operating funds.

RECOMMENDATION: We recommend that management review expenditures for proper documentation and compliance with applicable laws, grants and regulations before approval and payment.

VIEW OF RESPONSIBLE OFFICIALS: See Management’s Response and Corrective Action Plan on pages 86-87.

Bank Reconciliations – Clerk 2017-002

CRITERIA: Bank reconciliations should be prepared, reviewed and compared to the recorded balances on the general ledger for accuracy.

Jefferson County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2017

Bank Reconciliations – Clerk 2017-002 (Continued)

CONDITION: Transactions totaling over \$56,000 were posted to bank accounts in September 2017 which did not occur until October and November. These transactions subsequent to year end should have been recorded as receivables or payables instead of posting them to the bank accounts. As a result, significant adjustments were necessary to properly record bank balances and related accrual accounts at year end. While the bank reconciliations were prepared timely, they were not compared to the recorded balances after all transactions had been posted for the year resulting in inaccuracies.

CAUSE: Accounting staff did not understand how to properly record the accruals and did not review the ending balances for accuracy.

EFFECT: Bank balances, some receivables and payables were not accurately recorded at year end.

RECOMMENDATION: Account balances must be reviewed for proper cutoff and compared to supporting documentation to insure accuracy. We further recommend the County seek assistance from an accounting professional to work with existing staff and provide accounting guidance and oversight.

VIEW OF RESPONSIBLE OFFICIALS: See Management’s Response and Corrective Action Plan on pages 86-87.

Unapproved Board Transfers – Clerk 2017-003

CRITERIA: Transfers between the Board and Constitutional Officers should be budgeted and approved prior to disbursement.

CONDITION: Three separate transfers totaling \$70,049.84 were made from the Board to the Clerk’s accounts to cover shortfalls in funding without prior authorization from the Board. There was no documentation of approval for these transfers which were initiated by the Clerk’s accounting supervisor.

CAUSE: The transfers were made without proper approval by the Board.

EFFECT: The County is not in compliance with Florida Statute 129.06. The transferred amounts were not budgeted or approved by the Board.

RECOMMENDATION: We recommend that management review expenditures for proper documentation and compliance with applicable laws, grants and regulations before approval and payment.

VIEW OF RESPONSIBLE OFFICIALS: See Management’s Response and Corrective Action Plan on pages 86-87.

Jefferson County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2017

Health Insurance Payments – Clerk 2017-004

CRITERIA: Health insurance payments are a benefit offered only to employees or retirees in accordance with the County's personnel policies. Retirees are to pay or reimburse the County for all premiums associated with participation in the plan.

CONDITION: The Clerk's office provided health insurance coverage to a non-employee in a supervisory position who performed contractual services. The Clerk's office was reimbursed for this cost during part of the year but payments totaling \$13,817 were made for the benefit of this contractor which were not included on their Form 1099 for 2017 reported to the Internal Revenue Service.

CAUSE: The Clerk's accounting staff misunderstood the requirements for eligibility and reporting for nonemployees.

EFFECT: The Clerk is not in compliance with policies related to payment of retiree's health insurance premiums and is not in compliance with Internal Revenue Service regulations for reporting of compensation.

RECOMMENDATION: We recommend that management review expenditures for proper documentation and compliance with applicable laws, grants and regulations before approval and payment. Further, all payments to or on behalf of individuals contractually employed must be properly reported to the Internal Revenue Service.

VIEW OF RESPONSIBLE OFFICIALS: See Management's Response and Corrective Action Plan on pages 86-87.

Contractual Consulting Services – Clerk 2017-005

CRITERIA: The Board's purchasing policies dated October 2016 describe requirements for procurement of goods and services.

CONDITION: The Clerk's contract for financial consulting services was revised numerous times during the fiscal year ended September 30, 2017. None of these documents were signed by the Clerk or in compliance with the Board's procurement policy. Subsequent to year end, an hourly payment agreement was implemented to begin January 1, 2018. It was noted that there is no approval process for the hours submitted under this agreement, a request for payment was submitted and paid for December 2017 prior to the agreed upon date, and one extra monthly payment has been issued during the year ended September 30, 2018.

CAUSE: The Clerk's office does not have adequate management oversight of the accounting staff.

EFFECT: The Clerk's office expenditures for contractual services not properly managed and controlled.

Jefferson County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2017

Contractual Consulting Services – Clerk 2017-005 (Continued)

RECOMMENDATION: We recommend that management provide adequate oversight of expenditures and accounting operations. Expenditures should be reviewed for proper documentation, compliance with applicable laws, grants and regulations, and consideration of reasonable and necessary business practices before approval and payment.

VIEW OF RESPONSIBLE OFFICIALS: See Management’s Response and Corrective Action Plan on pages 86-87.

Segregation of Duties - Clerk 2008-001

CRITERIA: The internal control environment should include proper segregation of duties and responsibilities over accounting functions.

CONDITION: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedures, was not considered feasible by the Clerk’s office because of its size and limited number of employees. The Clerk recognizes that the cost of its internal control structure should not exceed the benefits expected to be derived. The Clerk also recognizes the inherent limitations of an internal control structure. Mistakes and irregularities may occur in any event with or without an adequate internal control structure. Furthermore, adequate segregation of duties can be circumvented by collusion among persons. Nevertheless, internal control is strengthened when incompatible duties are separated and review procedures are established and adhered to.

CAUSE: The Clerk’s office has a limited number of personnel in the accounting department.

EFFECT: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

RECOMMENDATION: We recommended that the Clerk’s office continue to seek ways to strengthen internal control through segregation of duties. The Clerk should document their review of transactions, bank reconciliations and financial reports to provide evidence of compensating controls.

STATUS: This condition continues to exist.

VIEW OF RESPONSIBLE OFFICIALS: See Management’s Response and Corrective Action Plan on pages 86-87.

Deficiency over Financial Reporting – Clerk 2008-002

CRITERIA: An entity’s system of internal control over financial reporting should include controls over the prevention, detection and correction of misstatements in the audited financial statements.

Jefferson County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2017

Deficiency over Financial Reporting – Clerk 2008-002 (Continued)

CONDITION: The County relies on the external auditor to assist with preparing the financial statements in conformity with generally accepted accounting principles.

CAUSE: The County has an individual providing bookkeeping services; however, the County does not have an individual on staff with accounting education and experience to properly record more complex accounting transactions and prepare financial statements in accordance with generally accepted accounting principles.

EFFECT: The fact the County does not have someone on staff to prepare the financial statements in accordance with generally accepted accounting principles and to record complex accounting transactions results in a material weakness under professional standards.

RECOMMENDATION: We recommend the County continue to request outside assistance in recording more complex transactions and that additional training and/or education be provided to existing staff to enable them to more accurately record financial activities.

STATUS: This condition continues to exist.

VIEW OF RESPONSIBLE OFFICIALS: See Management’s Response and Corrective Action Plan on pages 86-87.

Accrual Accounting – Clerk 2015-001

CRITERIA: The accrual basis of accounting should be used to record transactions.

CONDITION: Many transactions were recorded on a cash basis instead of the accrual basis of accounting. As a result, significant adjustments were necessary to properly record expenditures and revenues in the correct period.

CAUSE: Accounting staff recorded transactions on the cash basis.

EFFECT: Certain receivables, deferrals and payables were not accurately recorded on a timely basis.

RECOMMENDATION: Accrual basis accounting must be followed to accurately record revenues and expenditures in the proper period. Account balances must be reviewed for proper cutoff and correct period of recognition including receivables, accounts payable and deferred income. We further recommend the County seek assistance from an accounting professional to work with existing staff and provide accounting guidance and oversight.

STATUS: This condition continues to exist.

VIEW OF RESPONSIBLE OFFICIALS: See Management’s Response and Corrective Action Plan on pages 86-87.

Jefferson County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2017

SHERIFF AND SUPERVISOR OF ELECTIONS

Significant Deficiency 2008-001: Segregation of Duties

CRITERIA: The internal control environment should include proper segregation of duties and responsibilities over accounting functions.

CONDITION: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedures, was not considered feasible by the Sheriff and Supervisor of Elections' office because of its size and limited number of employees. They recognize that the cost of its internal control structure should not exceed the benefits expected to be derived. They also recognize the inherent limitations of an internal control structure. Mistakes and irregularities may occur in any event with or without an adequate internal control structure. Furthermore, adequate segregation of duties can be circumvented by collusion among persons. Nevertheless, internal control is strengthened when incompatible duties are separated and review procedures are established and adhered to.

CAUSE: The Sheriff's and Supervisor of Elections' office have a limited number of personnel in the accounting department.

EFFECT: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

RECOMMENDATION: We recommended that the Sheriff's and Supervisor of Elections' office continue to seek ways to strengthen internal control through segregation of duties. The Sheriff and Supervisor of Elections should document their review of transactions, bank reconciliations and financial reports to provide evidence of compensating controls.

STATUS: This condition continues to exist for the Sheriff and the Supervisor of Elections.

VIEW OF RESPONSIBLE OFFICIALS: See Management's Response and Corrective Action Plan on pages 88-89.

SUPERVISOR OF ELECTIONS

Significant Deficiency 2008-002: Preparation of Gaap-Based Financial Statements

CRITERIA: An entity's system of internal control over financial reporting should include controls over the prevention, detection and correction of misstatements in the audited financial statements.

CONDITION: The County relies on the external auditor to assist with preparing the financial statements in conformity with generally accepted accounting principles.

Jefferson County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2017

Significant Deficiency 2008-002: Preparation of Gaap-Based Financial Statements (Continued)

CAUSE: The County has an individual providing bookkeeping services; however, the County does not have an individual on staff with accounting education and experience to properly record more complex accounting transactions and prepare financial statements in accordance with generally accepted accounting principles.

EFFECT: The fact the County does not have someone on staff to prepare the financial statements in accordance with generally accepted accounting principles and to record complex accounting transactions results in a material weakness under professional standards.

RECOMMENDATION: We understand that the cost-benefit ratio of hiring someone with this expertise is not practical, therefore; we recommend the County continue to request outside assistance when preparing annual financial statements.

STATUS: This condition continues to exist for Supervisor of Elections.

VIEW OF RESPONSIBLE OFFICIALS: See Management's Response and Corrective Action Plan on page 89.

C. FINDINGS - MAJOR STATE PROJECTS

There were no current year findings.



**Jefferson County, Florida
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2017**

PRIOR-YEAR FINDINGS AND QUESTIONED COSTS

MAJOR STATE PROJECTS

None

FINANCIAL STATEMENT AUDIT

None



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INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Board of County Commissioners
And Constitutional Officers of Jefferson County, Florida
Monticello, Florida

Report on the Financial Statements

We have audited the financial statements of Jefferson County, Florida, Board of County Commissioners (the "County") as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated December 6, 2018.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance For Each Major State Project and on Internal Control over Compliance Required By Chapter 10.550, Rules of the Florida Auditor General; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports and schedules, which are dated December 6, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Florida Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report except as noted under the heading "Schedule of Findings and Questioned Costs."

To the Honorable Board of County Commissioners
and Constitutional Officers of Jefferson County, Florida
Monticello, Florida

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

BOARD OF COUNTY COMMISSIONERS

COMMENT ML 16-01: Expenditures exceeded budgeted amounts in the the Board of County Commissioners' transportation and capital projects funds.

RECOMMENDATION: Expenditures should be monitored for compliance with budgets on a timely basis. If increased expenditures occur, the budget should be amended up to sixty days after year end to reflect updated results and related approval by the board.

COMMENT ML 17-03: Board minutes should include detail abstracts of Board actions as related to official County business. The official minutes did not contain information as it pertained to Board actions on various debt activity, grant contracts, lease purchases, change orders, capital outlay purchases and budget amendments and transfers.

RECOMMENDATION: Official minutes should be kept in sufficient detail to determine Board actions and intent.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Florida Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the County has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the County. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations that improve financial management. In connection with our audit, we have no recommendations.

To the Honorable Board of County Commissioners
and Constitutional Officers of Jefferson County, Florida
Monticello, Florida

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the County for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but, which warrants the attention of those charges with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Marianna, Florida
December 6, 2018

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH
SECTION 218.415, FLORIDA STATUTES, *LOCAL GOVERNMENT
INVESTMENT POLICIES***

To the Honorable Board of County Commissioners
And Constitutional Officers of Jefferson County, Florida
Monticello, Florida

We have examined Jefferson County, Florida's (the "County") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2017. Management is responsible for the Jefferson County, Florida's compliance with those requirements. Our responsibility is to express an opinion on the Jefferson County, Florida's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about the County's compliance with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements.

In our opinion, the Jefferson County, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Marianna, Florida
December 6, 2018

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
SECTIONS 365.172(10) AND 365.173(2)(d), FLORIDA STATUTES**

To the Honorable Board of County Commissioners
of Jefferson County, Florida
Monticello, Florida

We have examined Jefferson County, Florida's (the County) compliance with the requirements of Section 365.172(10), Florida Statutes, *Authorized Expenditures of E911 Fee*, and Section 365.173(2)(d), Florida Statutes, *Distribution and Use of (E911) Funds*, during the year ended September 30, 2017. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the County complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements.

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Marianna, Florida
December 6, 2018



KIRK REAMS

**Jefferson County
Clerk of Court & CFO**

1 Courthouse Circle
Monticello, FL 32344
(850) 342-0218
Fax (850) 342-0222

December 20, 2018

Ms. Sherrill F. Norman, CPA
Auditor General, State of Florida
111 West Madison Street
Tallahassee, Florida 32399

RE: 2016-2017 Audit Report Findings

Dear Ms. Norman:

In regards to the auditor's findings ML-16-01, ML-17-03, 2017-001, 2017-002, 2016-001, 2016-002, 2015-001, 2014-001, 2013-002, 2008-001 and 2008-002 for the year ending September 30, 2017:

We agree with comment and recommendation ML-16-01 that expenditures should be monitored for compliance with budgets on a timely basis. While we also agree with comment ML-17-03 that sufficient minutes should be kept at Board meetings to determine Board action and intent, all official votes taken at Commission meetings are properly recorded in the minutes. Furthermore, the minutes of each session are reviewed for accuracy and completeness by the five County Commissioners, County Coordinator and County Attorney and then approved by Commission vote at a subsequent meeting.

We agree with finding 2017-001 and recommendation that management should monitor documentation related to the mosquito control program to ensure compliance. In prior periods, this program was administered by the Jefferson County Health Department until a staffing issue shifted the duties and responsibilities to the County. Due to this transition, the County had an employee trained and certified to manage the program. Therefore, moving forward this finding should be remedied.

We agree with finding 2017-002 and recommendation that all transactions should be reviewed for proper classification and that specific attention should be given to distinguish between capital outlay and maintenance expenditures.

We agree with finding and recommendation 2016-001 that fixed assets under lease purchase agreements should be properly recorded and charged to either principle or interest. We also agree with finding and recommendation 2016-002 that miscellaneous revenue should not be used as a "catch all" to record

Jefferson County, Florida Management's Response

grant and/or other types of miscellaneous revenues. Moving forward, revenue should be classified in specific account codes.

We agree with finding and recommendation 2015-001 that the accrual basis of accounting should be followed when recording grant activity. This is one area the County will need to better coordinate its efforts in aggregate to ensure that Constitutional Offices and County Departments are working together to properly identify and account for all grant activity. One potential resolution may be to have a dedicated person and/or office ultimately responsible for all grants.

We agree with finding and recommendation 2014-001 to review all expenditure and revenue items to help ensure they are properly recorded in the year in which they occurred.

We agree with finding and recommendation 2013-002 that the allowance for doubtful accounts related to ambulance accounts receivable should be reviewed regularly and accounts that are deemed uncollectable should be written off in timely manner.

We agree with finding 2008-001 that there is not an ideal separation of duties between employees who have record keeping responsibilities and employees with custody of County assets. As a small, fiscally constrained County, resources are limited. Therefore, we will continue to educate and train staff in order to strengthen internal controls through a segregation of duties. We also agree with finding 2008-002 that we do not have adequate staff to prepare financial statements in accordance with Generally Accepted Accounting Principles (GAAP). As recommended by Carr, Riggs & Ingram, we will continue to request outside assistance when preparing annual financial statements.

If you have any further questions, please do not hesitate to contact me.

Sincerely,



Kirk B. Reams
Clerk of Court





KIRK REAMS
Jefferson County
Clerk of Court & CFO

1 Courthouse Circle
Monticello, FL 32344
(850) 342-0218
Fax (850) 342-0222

Ms. Sherrill F. Norman, CPA
Auditor General, State of Florida
111 West Madison Street
Tallahassee, Florida 32399

RE: 2016-2017 Audit Report Findings

Dear Ms. Norman:

In regards to the auditor's findings 2017-001, 2017-002, 2017-003, 2017-004, 2017-005, 2008-001, 2008-002 and 2015-001 for the year ending September 30, 2017:

In regards to finding 2017-001: The Clerk of Court tasked an individual to analyze the current accounting system; research and test potential replacements; and then make a recommendation moving forward. This was outside the parameters of that individual's contract and specific to technology. Therefore, the Clerk used the \$1.90 technology funding as allowed per statute. This finding suggests that a \$7,654 payment was made without proper documentation or consideration. We disagree.

The Clerk of Court's hybrid budgeting model has both a State and County funding component. For the past few years, the State of Florida's Clerk of Court Trust Fund has not had sufficient revenue to fund the Clerks statewide due to a decrease in aggregate revenues. This has caused each Clerk's Article V budget to decrease. In an effort to help bridge this funding gap, the Legislature made a provision to allow Clerks to keep an additional 10% of their fines. The \$41,494 mentioned in this finding was the redirected 10% fines. Aggregate statewide Article V revenues for 16/17 exceeded the projected amounts; therefore, there were additional revenues available to help make Clerk budgets' whole. At that time, additional transfers were made to Counties including Jefferson. We therefore agree that \$41,494 of authority should be transferred back to 10% fines for future use by the Clerk.

We agree with finding 2017-002 that bank reconciliations should be prepared, reviewed and compared to the recorded balances on the General Ledger for accuracy. We believe we can remedy this finding by allocating more staff time to this issue.

In regards to finding 2017-003: The Jefferson County Clerk of Court's CFY 16-17 budget approved by the Jefferson County Board of County Commissioners was \$451,000. The revenues to fund the Clerk's County budget is comprised of a monthly appropriation and two Clerk fees that the Board remits monthly to the Clerk's Office. In CFY 16-17, the two fees were less than projected during the budgeting process; therefore, the monthly appropriation was adjusted to offset the shortfall of the two Clerk fees. The Board remittances as well as total expenditures were still less than the approved budget of \$451,000. Over the

Jefferson County, Florida Management's Response

past two County budgeting cycles, the Clerk's approved BCC budget has remained relatively the same but we have projected less revenue from fees and increased the monthly appropriation in an effort to remedy any confusion such as the above referenced.

In regards to finding 2017-004: Article VIII, Section 1(d) of the Florida Constitution provides that each County will have an Independent Elected Clerk of Court. Therefore, following the Board of County Commissioners policy is not required. After discussing with our attorney and also our insurance broker, we are confident the individual in question meets the requirements to participate. We agree with the recommendation that all payments to individuals—including benefits—should be properly reported to the Internal Revenue Service and have taken steps necessary to remedy this issue.

In regards to finding 2017-005: The Jefferson County Clerk of the Circuit Court is an independent, constitutionally elected official. Therefore, following the Board of County Commissioners policy is not required. Furthermore, Florida Statute 28.06 gives each Clerk the ability to "appoint a deputy, for whose acts the clerks shall be liable, and the said deputies shall have and exercise each and every power of whatsoever nature and kind as the clerk may exercise." The Jefferson County Clerk of Court has a Chief Deputy that manages daily operations and although the Clerk of Court reviews all contracts and expenditures, we do not feel it is necessary for the Clerk to sign each document. While we agree that adequate oversight of expenditures and accounting operations is necessary, we believe that our current structure provides this function.

We agree with finding 2008-001 that there is not an ideal separation of duties for all Clerk functions. As stated in the audit report, we do not have the ability to hire the additional staff necessary to resolve this issue due to our size and limited resources. We will continue to seek ways to strengthen internal controls through a segregation of duties.

We agree with finding 2008-002 that we do not have adequate staff to prepare financial statements in accordance with Generally Accepted Accounting Principles (GAAP). As recommended by Carr, Riggs & Ingram, we will continue to request outside assistance when preparing annual financial statements.

We agree with finding 2015-001 that the accrual basis of accounting should be used in recording transactions. We also agree with the recommendation that account balances should be reviewed for proper cutoff and correct period of recognition including receivables, accounts payable and deferred income.

If you have any further questions, please do not hesitate to contact me.

Sincerely,



Kirk B. Reams
Clerk of Court





Mac McNeill, Sheriff
Jefferson County Sheriff's Office

171 Industrial Park
Monticello, Florida 32344
Phone: (850) 997-2523
Fax: (850) 997-0756



Florida Auditor General
Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399

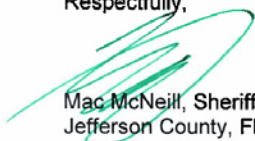
Re: 2016-2017 Audit Report Findings

Dear Sir,

This is in reply to our auditor's findings for the year ended September 30, 2017.

I agree with the auditor's findings and recommendations, however, with the financial pressures and lack of funding, I have found the cost/benefit ratio is far too costly for this office and our county, especially given a widespread below poverty level tax payer base. We would be forced to hire additional personnel to accomplish adequate segregation of duties and to prepare financial statements on our own. In an attempt to rectify the deficiencies, we have utilized procedures to help alleviate the situation. I will continue to review all bank statements before giving them to the person responsible for the bank reconciliations each month. I also continue to review all deposits and payments made by my office to make certain no misstatements are made. I also continue to utilize Carr, Riggs & Ingram to provide financial advice on certain issues as they present themselves in an attempt to make certain all is proper and in order. I also will continue to use Carr, Riggs, & Ingram to prepare my financial statements each year.

Respectfully,



Mac McNeill, Sheriff
Jefferson County, Florida

MM/jw

Jefferson County, Florida
Management's Response



Jefferson County
Supervisor of Elections

380 West Dogwood Street Monticello, Florida 32344 (850) 997-3348 Fax: (850) 997-6958 Email: sojeffersonco@aol.com

Auditor General's Office
Post Office Box 1735
Tallahassee, FL 32302

Dear Sir:

This is in reply to the auditor's findings reported in my audit report for the year ending September 30, 2017.

I agree with the auditor's findings and recommendations, however, with the financial pressures and lack of funding, I have found the cost/benefit ratio is far too great for this office to employ more personnel to have adequate segregation of duties and to prepare our own financial statements. In an attempt to rectify the deficiencies, I will continue to utilize procedures to help mitigate the lack of segregation of duties. Accordingly, I will continue to review all bank statements prior to giving them to the person responsible for bank reconciliations. I will sign all checks and review supporting documentation.

I will continue to utilize Carr, Riggs & Ingram to provide financial advice on certain issues when necessary and we will also continue to use Carr, Riggs & Ingram to prepare the annual financial audit report. I do not have the expertise or the resources to prepare the year end audit report. I do not have access to all GAAP disclosures and other accounting pronouncements. I will continue assisting in the audit report preparation and review the draft for approval.

Please feel free to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Marty Bishop".

Marty Bishop
Jefferson County Supervisor of Elections



**SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

**Jefferson County, Florida
Clerk of the Circuit Court**

Special-Purpose Financial Statements

September 30, 2017



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRlcpa.com

Jefferson County, Florida
Clerk of the Circuit Court
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September 30, 2017

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REPORT



INDEPENDENT AUDITORS' REPORT

To the Honorable Tim Sanders
Clerk of the Circuit Court, Ad Interim of Jefferson County, Florida
Monticello, Florida

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of the major fund and aggregate remaining fund information of the Jefferson County, Florida Clerk of the Circuit Court (the "Clerk") as of and for the year ended September 30, 2017, and the related notes to the special-purpose financial statements, which collectively comprise the Clerk's special-purpose financial statements as listed in the table of contents.

Management's Responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these special-purpose financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free from material misstatement.

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

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

To the Honorable Tim Sanders
Clerk of the Circuit Court, Ad Interim of Jefferson County, Florida
Monticello, Florida

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the remaining aggregate fund information of the Clerk as of September 30, 2017, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the special-purpose financial statements, the special-purpose financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida (“Rules”). In conformity with the Rules, the accompanying special-purpose financial statements are intended to present the financial position and changes in financial position of the General Fund and fiduciary fund types, only for that portion of the General Fund and fiduciary fund types of Jefferson County, Florida that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position of Jefferson County, Florida as of September 30, 2017, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

As discussed in Note 9 to the special-purpose financial statements, the 2016 special-purpose financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2018 on our consideration of the Clerk’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk’s internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Marianna, Florida
December 6, 2018



**SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

Jefferson County, Florida
Clerk of the Circuit Court
Special-Purpose Balance Sheet
Governmental Fund

September 30, 2017

	General Fund
Assets	
Cash and cash equivalents	\$ 15,168
Restricted cash and cash equivalents	7,673
Due from other funds	14,985
Due from Board of County Commissioners	17,539
Due from other governmental units	39,329
Total assets	\$ 94,694
Liabilities	
Due to Board of County Commissioners	\$ 37,873
Total liabilities	37,873
Fund balances	
Restricted	56,821
Total liabilities and fund balances	\$ 94,694

The accompanying notes are an integral part of these special-purpose financial statements

Jefferson County, Florida
Clerk of the Circuit Court
Special-Purpose Statement of Revenues, Expenditures, and
Changes in Fund Balance
Governmental Fund

For the year ended September 30, 2017

	General Fund
Revenues	
Charges for services	\$ 125,847
Intergovernmental	56,624
Grants	96,369
Fines and forfeitures	249,577
Total revenues	528,417
Expenditures	
General government	
Personal services	344,220
Operating expenses	185,356
Court-related	
Personal services	331,540
Operating expenses	45,386
Total expenditures	906,502
Excess (deficiency) of revenues over (under) expenditures	(378,085)
Other financing sources (uses)	
Transfers in	411,229
Net other financing sources (uses)	411,229
Net change in fund balance	33,144
Fund balances - beginning, as previously reported - Restricted	92,729
Prior period adjustment, note 9	(69,052)
Fund balances - beginning, as restated - Restricted	23,677
Fund balances - ending - Restricted	\$ 56,821

The accompanying notes are an integral part of these special-purpose financial statements

Jefferson County, Florida
Clerk of the Circuit Court
Special-Purpose Statement of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
General Fund

For the year ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Charges for services	\$ 121,000	\$ 121,000	\$ 125,847	\$ 4,847
Intergovernmental	17,519	17,519	56,624	39,105
Grants	96,369	392,559	96,369	(296,190)
Fines and forfeitures	392,559	96,369	249,577	153,208
Total revenues	627,447	627,447	528,417	(99,030)
Expenditures				
General government				
Personal services	359,450	359,450	344,220	15,230
Operating expenses	71,550	71,550	185,356	(113,806)
Court-related				
Personal services	456,947	456,947	331,540	125,407
Operating expenses	49,500	49,500	45,386	4,114
Total expenditures	937,447	937,447	906,502	30,945
Excess (deficiency) of revenues over (under) expenditures	(310,000)	(310,000)	(378,085)	(68,085)
Other financing sources (uses)				
Transfers in	310,000	310,000	411,229	(101,229)
Net other financing sources (uses)	310,000	310,000	411,229	(101,229)
Net change in fund balance	\$ -	\$ -	\$ 33,144	\$ 33,144

The accompanying notes are an integral part of these special-purpose financial statements

**Jefferson County, Florida
Clerk of the Circuit Court
Special-Purpose Statement of Fiduciary Net Position
Agency Funds**

September 30, 2017

	Agency Funds
Assets	
Cash and cash equivalents	\$ 245,873
Total assets	\$ 245,873
Liabilities	
Due to others	\$ 230,888
Due to other funds	14,985
Total liabilities	\$ 245,873

The accompanying notes are an integral part of these special-purpose financial statements

Jefferson County, Florida
Clerk of the Circuit Court
Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the presentation of these special-purpose financial statements have been designed to conform to generally accepted accounting principles as applicable to governmental units in accordance with the Governmental Accounting Standards Board. The following is a summary of significant accounting principles and policies used in the preparation of these special-purpose financial statements.

Reporting Entity

The Jefferson County Clerk of Circuit Court (Clerk) is an integral part of Jefferson County, Florida and is an elected Constitutional Officer who is governed by state statutes and regulations. The special-purpose financial statements of the Clerk are included in Jefferson County, Florida's basic financial statements. The Clerk operates on a fee and budgetary system. Under the fee system, the officer retains fees, commissions, and other revenue to pay all operating expenditures, including statutory compensation. Under the budgetary system, appropriated funds are received from the Board of County Commissioners and any unexpended appropriations are remitted to the Board of County Commissioners after the end of the fiscal year. The receipts from the Board are recorded as other financing sources on the Clerk's special-purpose financial statements and as other financing uses on the Board's financial statements. Effective June 1, 2013, the Clerk was authorized to retain funds collected for court-related fines, fees and service charges. The Clerk will also receive a monthly appropriation from the State of Florida Clerk of Court Trust Fund for any shortage of revenues up to the approved budget. The receipts from the State are recorded as intergovernmental revenue on the Clerk's special-purpose financial statements. As specified in Florida Senate Bill 1512, spending authority will continue to be provided by the State and will follow the county fiscal year (October 1 to September 30). The Clerk's special-purpose financial statements do not purport to reflect the financial position or the results of operations of Jefferson County, Florida taken as a whole.

Entity status for financial reporting is governed by Statement No. 14 of the Governmental Accounting Standards Board (GASB). Although the Clerks office is operationally autonomous from the Board of County Commissioners ("the Board"), it does not hold sufficient corporate powers of its own to be considered a legally separate entity for financial reporting purposes. Therefore, the Clerk is reported as part of the primary government of Jefferson County, Florida.

These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Jefferson County, Florida taken as a whole. As permitted by Chapter 10.556(4), *Rules of the Auditor General*, State of Florida, the special-purpose financial statements consist of only the *fund level* financial statements as defined in GASB No. 34, and do not include presentations of *government-wide* financial statements of the Clerk.

The operations of the Clerk are primarily funded by the Board and the Clerks of Court Operations Corporation (the "CCOC"). The receipts from the Board are recorded as other revenues on the Clerk's special-purpose financial statements and as expenditures on the Board's financial statements. Any excess of revenues and other financing sources received over expenditures are remitted to the Board at year-end.

Jefferson County, Florida
Clerk of the Circuit Court
Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

These special-purpose financial statements have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the Auditor General, State of Florida. The basic financial statements for the County as a whole, which includes the funds of the Clerk, were prepared in conformity with generally accepted accounting principles in the United States of America.

In preparing these special-purpose financial statements the following are reported as major governmental funds:

General Fund - The General Fund is used to account for all revenue and expenditures applicable to the general operations of the Clerk that are not required either legally or by generally accepted accounting principles to be accounted for in another fund.

The Clerk also reported the following fund type:

Agency Funds - The agency funds are used to account for assets held by the Clerk as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature and do not involve measurement of changes in financial position.

Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the special-purpose financial statements. Basis of accounting refers to the timing of the measurements made, regardless of the measurement focus applied.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. The major modifications to the accrual basis are: (a) revenues are recorded in the accounting period in which they become available and measurable (available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days for all revenue) (b) expenditures are recorded in the accounting period in which the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid. Charges for services and investment revenue are recorded as earned.

**Jefferson County, Florida
Clerk of the Circuit Court
Notes to Special-Purpose Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The fiduciary fund statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

When both restricted and unrestricted resources are available for use, it is the Clerk's policy to use restricted resources first, then unrestricted resources as needed.

Budgetary Requirements

Government fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget is adopted for the general fund. All budget amounts presented in the accompanying special-purpose financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

The Clerk's annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year-end.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Short-term investments also include amounts placed with the State Board of Administration for participation in the Local Government Surplus Funds Trust Fund investment pools created by Sections 218.405 and 218.417, Florida Statutes.

Capital Assets and Depreciation

Tangible personal property is recorded as expenditures in the governmental fund types at the time an asset is acquired. Assets acquired by the Clerk are capitalized at cost in the capital asset accounts of the County. The Clerk maintains custodial responsibility for the capital assets used by his office.

Estimated useful lives, in years, for depreciable assets are as follows:

Furniture, machinery, and equipment	3-30 years
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Due to Others

This account is used to account for assets held by the Clerk in a trustee capacity for other governmental agencies or individuals.

Jefferson County, Florida
Clerk of the Circuit Court
Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accumulated Compensated Absences

The Clerk maintains a policy that permits permanent full-time employees to accumulate earned but unused personal leave hours that will be paid to employees upon separation if certain criteria are met. These benefits, plus their related tax and retirement cost are classified as compensated absences. Employees may be paid for unused personal leave hours accrued up to a maximum amount in accordance with the personnel policy.

The Clerk's accumulated compensated absences are reported in the statement of net position in the County's financial statements. No expenditure is reported in the government fund level statements for these amounts until payment is due. Compensated absences liability is based on current rate of pay.

Governmental Fund Balances

The Clerk adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Type Definitions* (GASB Statement No. 54) effective October 1, 2010. This GASB Statement clarifies governmental fund balance classifications and fund-type definitions. Fund balances are classified either as non-spendable or spendable. See Note 7.

Risk Management and Insurance

The Clerk is covered under the Board of County Commissioners insurance policies. The Board insures itself against losses from casualty, accident and dishonesty by purchasing insurance through a local insurance agency. The Board believes the level of insurance purchased is adequate to protect against material loss. No significant changes in coverage or claims have been made in the last year.

Management Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditors' Report, which is the date the special-purpose financial statements were available to be issued.

New Accounting Standards

In fiscal year 2017, the County adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board. See the County-wide financial statements for a list of newly implemented standards and those recently issued but not yet effective.

Jefferson County, Florida
Clerk of the Circuit Court
Notes to Special-Purpose Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2017, the carrying amount of the Clerk's cash and cash equivalents and restricted cash was \$268,714 and the bank balance was \$275,496. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

The Clerk's investment practices are governed by Chapter 218.415 of the Florida Statutes. The Clerk is authorized to invest in certificates of deposit, money market certificates, obligations of the US Treasury, mutual funds and repurchase agreements collateralized by U.S. Government securities, and the Local Government Surplus Trust Fund.

Credit Risk

The credit risk of certain investments, such as investment pools managed by other governments, cannot be categorized as to credit risk because the Clerk's investments are not evidenced by specific, identifiable investment securities.

Interest Rate Risk

At September 30, 2017, the Clerk did not hold any deposits or investments that were considered to have interest rate risk.

Custodial Credit Risk

At September 30, 2017, the Clerk did not hold any deposits or investments that were considered to have custodial credit risk.

Concentration of Credit Risk

At September 30, 2017, the Clerk did not hold any investments that were considered to have concentration of credit risk.

**Jefferson County, Florida
Clerk of the Circuit Court
Notes to Special-Purpose Financial Statements**

NOTE 3 - EMPLOYEE PENSION PLAN

The Clerk participates in the Florida Retirement System (FRS), a cost-sharing, multiple employer defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Florida Division of Retirement, Tallahassee, Florida, 32399-1560, or by accessing their internet site at www.frs.state.fl.us/frs/public/annual.

For those employees hired prior to July 1, 2011, FRS provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Prior to July 1, 2011, retirement coverage was employee noncontributory. Effective July 1, 2011 the Florida Legislature mandated all employees contribute 3% to their retirement coverage with immediate vesting of their contributions.

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers and employees pay contributions at rates determined each year by the legislature. The employer rates, as a percentage of gross earnings, are as follows:

	10/01/16 Through 06/30/17	07/01/17 Through 09/30/17
Regular employees	7.52%	7.92%
Senior Management	21.77%	22.71%
Elected county officials' class	42.47%	45.50%
Drop participants	12.99%	13.26%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2016 through September 30, 2017, the total payroll for the Clerk employees covered by the System was \$542,538. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2017, 2016 and 2015 were \$83,793, \$81,545 and \$79,792 respectively, which equal the required contributions. For the year ended September 30, 2017, retirement contributions represent 15.44% of covered payroll.

Jefferson County, Florida
Clerk of the Circuit Court
Notes to Special-Purpose Financial Statements

NOTE 3 - EMPLOYEE PENSION PLAN (CONTINUED)

GASB Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees (or volunteers that provide services to state and local governments) are provided with pensions through pension plans that are administered through trusts or equivalent arrangements, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The adoption of Statement No. 68 has no impact on the Jefferson County, Florida Clerk's governmental fund financial statements, which continue to report expenditures in the amount of the actuarially determined contributions, as required by State law. The calculation of pension contributions is unaffected by the change.

NOTE 4 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION

In addition to the retirement plan in Note 3, the County, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in the group health plan while employed. Employees of the Clerk are covered under the County's plan. The County is required to measure and recognize the annual cost of the future benefits and calculate the annual employer funding requirements and, to the extent funding is not made by the County recognize another post-employment benefit (OPEB) liability on the balance sheet of the County. These amounts, if any, are recorded in the County's government-wide financial statements.

NOTE 5 - COURT RELATED FEES

Based on the legal opinion provided by the Clerks of Court Operations Corporation general counsel of the provisions of Section 28.37(3), F.S., which was adopted as policy by the CCOC Finance and Budget Committee, all excess court-related funds have been included in a fund asset or liability, Due to/from Other Governmental Units. As of September 30, 2017, there were no excess court-related fees.

Jefferson County, Florida
Clerk of the Circuit Court
Notes to Special-Purpose Financial Statements

NOTE 6 - FUND EQUITY

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The Clerk had no non-spendable net assets at September 30, 2017.

Spendable fund balances are classified based on a hierarchy of the Clerk's ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ended September 30, 2017, the Clerk reports net assets as restricted. Restricted net assets have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unassigned fund balances have not been restricted, committed or assigned to specific purposes within the general fund. For the year ended September 30, 2017, the Clerk reported \$56,821 in restricted fund balance for the modernization of public records and court-related technology.

NOTE 7 - COOPERATIVE AGREEMENT

The Clerk has a Cooperative Agreement with the Florida Department of Revenue. This agreement encompasses all the Clerk's child support functions. It allows for indirect cost reimbursement. The Clerk uses an established indirect cost rate to invoice the Department of Revenue each month. These amounts are federal funds received under CFDA #93.563. The net amount received was \$96,369.

NOTE 8 - EXCESS REVENUE

Pursuant to Section 218.36(2), Florida Statutes, each County Officer shall pay into the county general fund all money in excess of the sum to which he or she is entitled under the provisions of Chapter 145. Excess revenues over expenditures were returned to the Board of County Commissioners as required by Florida Statutes.

NOTE 9 – PRIOR PERIOD ADJUSTMENT

Beginning fund balance has been restated by \$69,052 to reflect amounts due to the Board of County Commissioners as of September 30, 2016.



COMPLIANCE SECTION

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF SPECIAL-PURPOSE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Tim Sanders
Clerk of the Circuit Court, Ad Interim of Jefferson County, Florida
Monticello, Florida

We have audited, in accordance with the 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 special-purpose financial statements of the major fund and aggregate remaining fund information of the Jefferson County, Florida, Clerk of the Circuit Court (the "Clerk") as of and for the year ended September 30, 2017, and the related notes to the special-purpose financial statements, which collectively comprise the Clerk's basic special-purpose financial statements and have issued our report thereon dated December 6, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements, we considered the Clerk's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control.

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 statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described below as finding No. C2008-001, C2008-002, C2015-001, C2017-002, C2017-003 and C2017-005 that we consider to be material weaknesses.

To the Honorable Tim Sanders
Clerk of the Circuit Court, Ad Interim of Jefferson County, Florida
Monticello, Florida

CURRENT YEAR FINDINGS AND RECOMMENDATIONS:

Bank Reconciliations - C2017-002

CRITERIA: Bank reconciliations should be prepared, reviewed and compared to the recorded balances on the general ledger for accuracy.

CONDITION: Transactions totaling over \$56,000 occurring in October and November 2017 were posted to bank accounts in September 2017. These transactions subsequent to year end should have been recorded as receivables or payables instead of posting them to the bank accounts. As a result, significant adjustments were necessary to properly record bank balances and related accrual accounts at year end. While the bank reconciliations were prepared timely, they were not compared to the recorded balances after all transactions had been posted for the year resulting in inaccuracies.

CAUSE: Accounting staff did not understand how to properly record the accruals and did not review the ending balances for accuracy.

EFFECT: Bank balances, some receivables and payables were not accurately recorded at year end.

RECOMMENDATION: Account balances must be reviewed for proper cutoff and compared to supporting documentation to insure accuracy.

Unapproved Board Transfers - C2017-003

CRITERIA: Transfers between the Board and Constitutional Officers should be budgeted and approved prior to disbursement.

CONDITION: Three separate transfers totaling \$70,049.84 were made from the Board to the Clerk's accounts to cover shortfalls in funding without prior authorization from the Board. There was no documentation of approval for these transfers which were initiated by the Clerk's accounting supervisor.

CAUSE: The transfers were made without proper approval by the Board.

EFFECT: The County is not in compliance with Florida Statute 129.06(2). The transferred amounts were not budgeted.

RECOMMENDATION: We recommend that management review expenditures for proper documentation and compliance with applicable laws, grants and regulations before approval and payment.

To the Honorable Tim Sanders
Clerk of the Circuit Court, Ad Interim of Jefferson County, Florida
Monticello, Florida

Contractual Consulting Services - C2017-005

CRITERIA: The Board's purchasing policies dated October 2016 describe requirements for procurement of goods and services.

CONDITION: The Clerk's contract for financial consulting services was revised seven times during the fiscal year ended September 30, 2017. None of these documents were signed by the Clerk and they do not appear to be approved by the Board or in compliance with the Board's procurement policy. Subsequent to year end, an hourly payment agreement was implemented to begin January 1, 2018. It was noted that there is no approval process for the hours submitted under this agreement, a request for payment was submitted and paid for December 2017 prior to the agreed upon date, and one extra monthly payment has been issued during the year ended September 20, 2018.

CAUSE: The Clerk's office does not have adequate management oversight of the accounting staff.

EFFECT: The Clerk's office expenditures for contractual services are not properly managed and controlled.

RECOMMENDATION: We recommend that management provide adequate oversight of expenditures and accounting operations. Expenditures should be reviewed for proper documentation, compliance with applicable laws, grants and regulations, and consideration of reasonable and necessary business practices before approval and payment.

PRIOR YEAR FINDINGS AND RECOMMENDATIONS:

Segregation of Duties - C2008-001 - NOT RESOLVED

CRITERIA: The internal control environment should include proper segregation of duties and responsibilities over accounting functions.

CONDITION: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedures, was not considered feasible by the Clerk's office because of its size and limited number of employees. The Clerk recognizes that the cost of its internal control structure should not exceed the benefits expected to be derived. The Clerk also recognizes the inherent limitations of an internal control structure. Mistakes and irregularities may occur in any event with or without an adequate internal control structure. Furthermore adequate segregation of duties can be circumvented by collusion among persons. Nevertheless, internal control is strengthened when incompatible duties are separated and review procedures are established and adhered to.

CAUSE: The Clerk's office has limited personnel in the accounting department.

EFFECT: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

To the Honorable Tim Sanders
Clerk of the Circuit Court, Ad Interim of Jefferson County, Florida
Monticello, Florida

Segregation of Duties - C2008-001 - NOT RESOLVED (Continued)

RECOMMENDATION: We recommended that the Clerk's office continue to seek ways to strengthen internal control through segregation of duties. The Clerk should document their review of transactions, bank reconciliations and financial reports to provide evidence of compensating controls.

STATUS: This condition continues to exist.

Preparation of GAAP-based Financial Statements - C2008-002 - NOT RESOLVED

CRITERIA: An entity's system of internal control over financial reporting should include controls over the prevention, detection and correction of misstatements in the audited financial statements.

CONDITION: The County relies on the external auditor to assist with preparing the financial statements in conformity with generally accepted accounting principles.

CAUSE: The County has an individual providing bookkeeping services; however, the County does not have an individual on staff with accounting education and experience to properly record more complex accounting transactions and prepare financial statements in accordance with generally accepted accounting principles.

EFFECT: The fact the County does not have someone on staff to prepare the financial statements in accordance with generally accepted accounting principles and to record complex accounting transactions results in a material weakness under professional standards.

RECOMMENDATION: We recommend the County continue to request outside assistance in recording more complex transactions and that additional training and/or education be provided to existing staff to enable them to more accurately record financial activities.

STATUS: This condition continues to exist.

Accrual Accounting - C2015-001 - NOT RESOLVED

CRITERIA: The accrual basis of accounting should be used to record transactions.

CONDITION: Many transactions were recorded on a cash basis instead of the accrual basis of accounting. As a result, significant adjustments were necessary to properly record expenditures and revenues in the correct period.

CAUSE: Accounting staff recorded transactions on the cash basis.

EFFECT: Certain receivables, deferrals and payables were not accurately recorded on a timely basis.

To the Honorable Tim Sanders
Clerk of the Circuit Court, Ad Interim of Jefferson County, Florida
Monticello, Florida

Accrual Accounting - C2015-001 - NOT RESOLVED (Continued)

RECOMMENDATION: Accrual basis accounting must be followed to accurately record revenues and expenditures in the proper period. Account balances must be reviewed for proper cutoff and correct period of recognition including receivables, accounts payable and deferred income.

STATUS: This condition continues to exist.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk's financial statements are 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described below as finding C2017-001 and C2017-004.

Public Records Modernization Fund Expenditures - C2017-001

CRITERIA: Per Florida Statute 28.24(12)(d), funds in the Public Records Modernization Trust Fund must be used exclusively for equipment, maintenance, personnel training and technical assistance in modernizing the public records system of the Clerk's office.

CONDITION: An expenditure of \$7,654 was made from the Public Records Modernization Trust Fund to an individual in a supervisory position for consulting services which were not adequately documented. There was no report issued for this matter and the services described are identical in nature and amount to an expenditure made in the previous fiscal year. Additional transfers totaling \$41,494 were made from restricted funds to operating funds to reimburse for expenditures which had already been reimbursed under Article V reporting.

CAUSE: The expenditure was made without proper consideration of requirements for the use of these funds.

EFFECT: The County is not in compliance with Florida Statute 28.24(12)(d). The amounts expended totaling \$49,148 should be restored to the Public Records Modernization Trust Fund from operating funds.

RECOMMENDATION: We recommend that management review expenditures for compliance with applicable laws, grants and regulations before approval and payment.

To the Honorable Tim Sanders
Clerk of the Circuit Court, Ad Interim of Jefferson County, Florida
Monticello, Florida

Health Insurance Payments - C2017-004

CRITERIA: Health insurance payments are a benefit offered only to employees or retirees in accordance with the County's personnel policies.

CONDITION: The Clerk's office provided health insurance coverage to an individual in a supervisory position who performed contractual services and was not an employee or retiree. The Clerk's office was reimbursed for this cost during part of the year but payments totaling \$13,817 were made for the benefit of this contractor which were not included on their Form 1099 for 2017 reported to the Internal Revenue Service.

CAUSE: The Clerk's accounting staff misunderstood the requirements for eligibility and reporting for nonemployees.

EFFECT: The Clerk is not in compliance with their personnel policy and is not in compliance with Internal Revenue Service regulations for reporting of compensation.

RECOMMENDATION: We recommend that management review expenditures for proper documentation and compliance with applicable laws, grants and regulations before approval and payment. Further, all payments to or on behalf of individuals contractually employed must be properly reported to the Internal Revenue Service.

Clerk's Response to Findings

The Clerk's response to the findings identified in our audit is described in the accompanying letter. The Clerk's response was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, accordingly, we express no opinion on it.

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 Clerk'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.

Carr, Riggs & Ingram, L.L.C.

Marianna, Florida
December 6, 2018



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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION
218.415, FLORIDA STATUTES, *LOCAL GOVERNMENT INVESTMENT POLICIES***

To the Honorable Tim Sanders
Clerk of the Circuit Court, Ad Interim of Jefferson County, Florida
Monticello, Florida

We have examined Jefferson County, Florida, Clerk of the Circuit Court's (the "Clerk") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2017. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Clerk complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Clerk complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Marianna, Florida
December 6, 2018

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION
28.35, FLORIDA STATUTES, *FLORIDA CLERKS OF COURT OPERATIONS
CORPORATION*, AND SECTION 28.36, FLORIDA STATUTES, *BUDGET PROCEDURE***

To the Honorable Tim Sanders
Clerk of the Circuit Court, Ad Interim of Jefferson County, Florida
Monticello, Florida

We have examined the office of the Jefferson County, Florida, Clerk of Circuit Court's (the "Clerk") compliance with the requirements of Section 28.35, Florida Statutes, *Florida Clerks of Court Operations Corporation*, and Section 28.36, Florida Statutes, *Budget Procedure*, during the year ended September 30, 2017. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Clerk complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Clerk complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Marianna, Florida
December 6, 2018

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION
61.181, FLORIDA STATUTES, *DEPOSITORY FOR ALIMONY TRANSACTIONS,
SUPPORT, MAINTENANCE AND SUPPORT PAYMENTS; FEES***

To the Honorable Tim Sanders
Clerk of the Circuit Court, Ad Interim of Jefferson County, Florida
Monticello, Florida

We have examined the office of the Jefferson County, Florida, Clerk of Circuit Court's (the "Clerk") compliance with the requirements of Section 61.181, Florida Statutes, *Depository for Alimony Transactions, Support, Maintenance and Support Payments; Fees* during the year ended September 30, 2017. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Clerk complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Clerk complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Marianna, Florida
December 6, 2018

INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Tim Sanders
Clerk of the Circuit Court, Ad Interim of Jefferson County, Florida
Monticello, Florida

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of the Jefferson County, Florida, Clerk of the Circuit Court (the "Clerk"), as of and for the year ended September 30, 2017, and have issued our report thereon dated December 6, 2018.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated December 6, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Significant findings and recommendations made in the preceding annual financial audit report have not been corrected.

To the Honorable Tim Sanders
Clerk of the Circuit Court, Ad Interim of Jefferson County, Florida
Monticello, Florida

Official Title and Legal Authority

Section 10.554(1)(i)4, Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the special-purpose financial statements.

The Jefferson County, Florida, Clerk of the Circuit Court was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Jefferson County, Florida, Clerk of the Circuit Court.

Financial Management

Section 10.554(1)(i)2, Rules of the Auditor General, requires that we address in the management letter any findings and recommendations that improve financial management. In connection with our audit, we have the following recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the special-purpose financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did note certain matters. See Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and the Jefferson County, Florida, Clerk and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Marianna, Florida
December 6, 2018

**Jefferson County, Florida
Clerk of the Circuit Court
Management's Response**



KIRK REAMS

**Jefferson County
Clerk of Court & CFO**

1 Courthouse Circle
Monticello, FL 32344
(850) 342-0218
Fax (850) 342-0222

Ms. Sherrill F. Norman, CPA
Auditor General, State of Florida
111 West Madison Street
Tallahassee, Florida 32399

RE: 2016-2017 Audit Report Findings

Dear Ms. Norman:

In regards to the auditor's findings 2017-001, 2017-002, 2017-003, 2017-004, 2017-005, 2008-001, 2008-002 and 2015-001 for the year ending September 30, 2017:

In regards to finding 2017-001: The Clerk of Court tasked an individual to analyze the current accounting system; research and test potential replacements; and then make a recommendation moving forward. This was outside the parameters of that individual's contract and specific to technology. Therefore, the Clerk used the \$1.90 technology funding as allowed per statute. This finding suggests that a \$7,654 payment was made without proper documentation or consideration. We disagree.

The Clerk of Court's hybrid budgeting model has both a State and County funding component. For the past few years, the State of Florida's Clerk of Court Trust Fund has not had sufficient revenue to fund the Clerks statewide due to a decrease in aggregate revenues. This has caused each Clerk's Article V budget to decrease. In an effort to help bridge this funding gap, the Legislature made a provision to allow Clerks to keep an additional 10% of their fines. The \$41,494 mentioned in this finding was the redirected 10% fines. Aggregate statewide Article V revenues for 16/17 exceeded the projected amounts; therefore, there were additional revenues available to help make Clerk budgets' whole. At that time, additional transfers were made to Counties including Jefferson. We therefore agree that \$41,494 of authority should be transferred back to 10% fines for future use by the Clerk.

We agree with finding 2017-002 that bank reconciliations should be prepared, reviewed and compared to the recorded balances on the General Ledger for accuracy. We believe we can remedy this finding by allocating more staff time to this issue.

In regards to finding 2017-003: The Jefferson County Clerk of Court's CFY 16-17 budget approved by the Jefferson County Board of County Commissioners was \$451,000. The revenues to fund the Clerk's County budget is comprised of a monthly appropriation and two Clerk fees that the Board remits monthly to the Clerk's Office. In CFY 16-17, the two fees were less than projected during the budgeting process; therefore, the monthly appropriation was adjusted to offset the shortfall of the two Clerk fees. The Board remittances as well as total expenditures were still less than the approved budget of \$451,000. Over the

**Jefferson County, Florida
Clerk of the Circuit Court
Management's Response**

past two County budgeting cycles, the Clerk's approved BCC budget has remained relatively the same but we have projected less revenue from fees and increased the monthly appropriation in an effort to remedy any confusion such as the above referenced.

In regards to finding 2017-004: Article VIII, Section 1(d) of the Florida Constitution provides that each County will have an Independent Elected Clerk of Court. Therefore, following the Board of County Commissioners policy is not required. After discussing with our attorney and also our insurance broker, we are confident the individual in question meets the requirements to participate. We agree with the recommendation that all payments to individuals—including benefits--should be properly reported to the Internal Revenue Service and have taken steps necessary to remedy this issue.

In regards to finding 2017-005: The Jefferson County Clerk of the Circuit Court is an independent, constitutionally elected official. Therefore, following the Board of County Commissioners policy is not required. Furthermore, Florida Statute 28.06 gives each Clerk the ability to "appoint a deputy, for whose acts the clerks shall be liable, and the said deputies shall have and exercise each and every power of whatsoever nature and kind as the clerk may exercise." The Jefferson County Clerk of Court has a Chief Deputy that manages daily operations and although the Clerk of Court reviews all contracts and expenditures, we do not feel it is necessary for the Clerk to sign each document. While we agree that adequate oversight of expenditures and accounting operations is necessary, we believe that our current structure provides this function.

We agree with finding 2008-001 that there is not an ideal separation of duties for all Clerk functions. As stated in the audit report, we do not have the ability to hire the additional staff necessary to resolve this issue due to our size and limited resources. We will continue to seek ways to strengthen internal controls through a segregation of duties.

We agree with finding 2008-002 that we do not have adequate staff to prepare financial statements in accordance with Generally Accepted Accounting Principles (GAAP). As recommended by Carr, Riggs & Ingram, we will continue to request outside assistance when preparing annual financial statements.

We agree with finding 2015-001 that the accrual basis of accounting should be used in recording transactions. We also agree with the recommendation that account balances should be reviewed for proper cutoff and correct period of recognition including receivables, accounts payable and deferred income.

If you have any further questions, please do not hesitate to contact me.

Sincerely,



Kirk B. Reams
Clerk of Court



**Jefferson County, Florida
Property Appraiser**

Special-Purpose Financial Statements

September 30, 2017



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRICpa.com

Jefferson County, Florida
Property Appraiser
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September 30, 2017

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REPORT





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INDEPENDENT AUDITORS' REPORT

To the Honorable Angela C. Gray
Property Appraiser of Jefferson County, Florida
Monticello, Florida

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of the major fund of the Jefferson County, Florida, Property Appraiser (the "Property Appraiser") as of and for the year ended September 30, 2017, and the related notes to the special-purpose financial statements, which collectively comprise the Property Appraiser's basic special-purpose financial statements as listed in the table of contents.

Management's Responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these special-purpose financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free from material misstatement.

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

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

To the Honorable Angela C. Gray
Property Appraiser of Jefferson County, Florida
Monticello, Florida

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund of the Property Appraiser as of September 30, 2017, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the special-purpose financial statements, the Property Appraiser's financial statements are special-purpose financial statements presenting only the financial position and results of operations of the Property Appraiser. These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Jefferson County, Florida, taken as a whole. As permitted by Chapter 10.556(4), *Rules of the Auditor General State of Florida*, the special-purpose financial statements consist of only the *fund level* financial statements as defined in Governmental Accounting Standards Board Statement 34, and do not include presentations of *government-wide* financial statements of the Property Appraiser.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2018 on our consideration of the Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Property Appraiser's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Marianna, Florida
September 4, 2018



**SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

**Jefferson County, Florida
Property Appraiser
Special-Purpose Balance Sheet
Governmental Fund**

September 30, 2017

	General Fund
Assets	
Cash and cash equivalents	\$ 119,361
Total assets	\$ 119,361
Liabilities	
Due to Board of County Commissioners	\$ 6,196
Total liabilities	6,196
Fund balance	
Committed	10,700
Assigned	102,465
Total fund balance	113,165
Total liabilities and fund balance	\$ 119,361

The accompanying notes are an integral part of these special-purpose financial statements

Jefferson County, Florida
Property Appraiser
Special-Purpose Statement of Revenues, Expenditures, and
Changes in Fund Balance
Governmental Fund

For the year ended September 30, 2017

	General Fund
Revenues	
Charges for services	\$ 6,012
Investment earnings	291
Total revenues	6,303
Expenditures	
General government	
Personal services	441,825
Operating expenses	121,357
Capital outlay	57,120
Total expenditures	620,302
Deficiency of revenues under expenditures	(613,999)
Other financing sources (uses)	
Loan proceeds	152,928
Transfers in	580,432
Transfers out	(6,196)
Net other financing sources	727,164
Net change in fund balance	113,165
Fund balance - beginning	-
Fund balance - ending	\$ 113,165

The accompanying notes are an integral part of these special-purpose financial statements

Jefferson County, Florida
Property Appraiser

**Special-Purpose Statement of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
General Fund**

For the year ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
Expenditures				
General government				
Personal services	\$ 440,333	\$ 440,506	\$ 435,522	\$ 4,984
Operating expenses	133,450	133,450	121,357	12,093
Capital outlay	6,732	6,732	6,657	75
Total expenditures	580,515	580,688	563,536	17,152
Deficiency of revenues under expenditures	(580,515)	(580,688)	(563,536)	17,152
Other financing sources (uses)				
Transfer in	580,515	580,688	580,432	(256)
Transfer out	-	-	(6,196)	(6,196)
Net other financing sources	580,515	580,688	574,236	(6,452)
Net change in fund balance	\$ -	\$ -	\$ 10,700	\$ 10,700

The accompanying notes are an integral part of these special-purpose financial statements

Jefferson County, Florida
Property Appraiser
Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the presentation of these special-purpose financial statements have been designed to conform to generally accepted accounting principles as applicable to governmental units in accordance with the Governmental Accounting Standards Board. The following is a summary of significant accounting principles and policies used in the preparation of these special-purpose financial statements.

Reporting Entity

Jefferson County, Florida is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the "Board"). The Board is responsible for the administration of all departments pursuant to the general laws of Florida.

The Jefferson County Property Appraiser (the "Property Appraiser") is an elected official of Jefferson County, Florida pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d), and is a part of the primary government of Jefferson County, Florida. The Jefferson County Property Appraiser is responsible for the administration and operation of the Property Appraiser's office and the Property Appraiser's special-purpose financial statements do not include the financial statements of the Board or the other Constitutional Officers of Jefferson County, Florida.

The accompanying special-purpose financial statements present the financial position and results of operations of the various fund types for all the funds controlled by the Jefferson County Property Appraiser's Office.

The Property Appraiser is a separately elected County official established pursuant to the Constitution of the State of Florida. The Property Appraiser's special-purpose financial statements do not purport to reflect the financial position or the results of operations of Jefferson County, Florida taken as a whole.

Entity status for financial reporting purposes is governed by Statement No. 14 of the Governmental Accounting Standards Board (GASB). Although the Property Appraiser's office is operationally autonomous from the Board of County Commissioners ("the Board"), it does not hold sufficient corporate powers of its own to be considered a legally separate entity for financial reporting purposes. Therefore, the Property Appraiser is reported as part of the primary government of Jefferson County, Florida.

These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Jefferson County, Florida taken as a whole. As permitted by Chapter 10.556(4), *Rules of the Auditor General* State of Florida, the special-purpose financial statements consist of only the *fund level* financial statements as defined in GASB No. 34, and do not include presentations of *government-wide* financial statements of the Property Appraiser.

Jefferson County, Florida
Property Appraiser
Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (continued)

The operations of the Property Appraiser are primarily funded by the Board. The receipts from the Board are recorded as other financing sources on the Appraiser's financial statements and as other financial uses on the Board's financial statements. Any excess of revenues and other financing sources received over expenditures are remitted to the Board at year-end. However, in the current year, the Board approved retainage of excess loan proceeds and revenues by the Property Appraiser for purchase of equipment in the subsequent year. See Note 6 for further disclosure.

Basis of Presentation

These financial statements have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the Auditor General, State of Florida. The basic financial statements for the County as a whole, which includes the funds of the Property Appraiser, were prepared in conformity with accounting principles generally accepted in the United States of America.

In preparing these financial statements, the following is reported as a major governmental fund:

General Fund - The general fund is the general operating fund of the Property Appraiser. It is used to account for all financial resources, except those required to be accounted for in another fund.

Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting refers to the timing of the measurements made, regardless of the measurement focus applied.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. The major modifications to the accrual basis are: (a) revenues are recorded in the accounting period in which they become available and measurable (available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days for all revenue) (b) expenditures are recorded in the accounting period in which the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid. Charges for services and investment revenue are recorded as earned.

When both restricted and unrestricted resources are available for use, it is the Property Appraiser's policy to use restricted resources first, then unrestricted resources as needed.

Jefferson County, Florida
Property Appraiser
Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Requirements

Expenditures are controlled by appropriations in accordance with the budget requirements set forth in Florida Statutes Chapter 195.087. The budgeted revenues and expenditures in the accompanying financial statements reflect all amendments, approved by the Florida Department of Revenue and Board of County Commissioners. On or before June 1 of each year, the Property Appraiser shall submit to the Department of Revenue a budget for the operation of her office for the ensuing fiscal year. The Department of Revenue and Board of County Commissioners must approve the final budget.

The actual results of operations in the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund are presented on a budgetary basis for budgetary accounting purposes. The Property Appraiser only budgeted revenue and expenditures appropriated by the Board of County Commissioners. Adjustments to convert the results of operation of the general fund at the end of the year from the budgetary basis of accounting to the GAAP basis of accounting are as follows:

	Total Expenditures	Total Revenue
GAAP basis	\$ 620,302	\$ 733,467
Non-budgeted revenues and expenditures:		
Revenues other than appropriations from the Board of County Commissioners and related expenditures	(56,766)	(159,231)
Budgetary basis	\$ 563,536	\$ 574,236

Cash and Cash Equivalents

Cash includes amounts in demand deposits as well as short term investments with a maturity date within three months of the date acquired by the government.

Capital Assets and Depreciation

Tangible personal property is recorded as expenditures in the governmental fund types at the time an asset is acquired. Assets acquired by the Property Appraiser are capitalized at cost in the capital asset accounts of the County. The Property Appraiser's assets are reported in the statement of net assets in the County's financial statements. The Property Appraiser maintains custodial responsibility for the capital assets used by her office.

Estimated useful lives, in years, for depreciable assets are as follows:

Furniture, machinery, and equipment	3-30 years
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Jefferson County, Florida
Property Appraiser
Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accumulated Compensated Absences

The Property Appraiser maintains a policy that permits permanent full-time employees to accumulate earned but unused vacation and sick leave hours that will be paid to employees upon separation if certain criteria are met. These benefits, plus their related tax and retirement cost are classified as compensated absences. Employees may be paid for unused leave hours accrued up to a maximum amount in accordance with personnel policy.

The Property Appraiser's accumulated compensated absences are reported in the statement of net assets in the County's financial statements. No expenditure is reported in the government fund level statement for these amounts until payment is due. Compensated absences liability is based on current rate of pay.

Risk Management and Insurance

The Property Appraiser is covered under the Board of County Commissioners insurance policies. The Board insures itself against losses from casualty, accident and dishonesty by purchasing insurance through a local insurance agency. The Board believes the level of insurance purchased is adequate to protect against material loss. No significant changes in coverage or claims have been made during the current year.

Management Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditors' Report, which is the date the special-purpose financial statements were available to be issued.

Fund Balance

Fund balances are classified based upon a hierarchy of the Property Appraiser's ability to control spending of these fund balances and can be classified in the following categories:

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

Spendable fund balances are classified as either restricted, committed, assigned or unassigned based on the hierarchy of the Property Appraiser's ability to control spending.

New Accounting Standards

In fiscal year 2017, the County adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board. See the County-wide financial statements for a list of newly implemented standards and those recently issued but not yet effective.

Jefferson County, Florida
Property Appraiser
Notes to Special-Purpose Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2017, the carrying amount of the Property Appraiser's cash and cash equivalents was \$119,361 and the bank balance was \$193,482. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis. Florida Statutes authorize the Property Appraiser to invest in certificates of deposit, repurchase agreements and the State Treasurer's Investment Pool. In addition, the statutes allow the Property Appraiser to invest in bonds, notes or other obligations of the United States Government, certain bonds of any state or local government unit, and bonds issued by certain government agencies.

Credit Risk

At September 30, 2017, the Property Appraiser did not hold any deposits or investments that were considered to have credit risk.

Interest Rate Risk

At September 30, 2017, the Property Appraiser did not hold any investments that were considered to have interest rate risk.

Custodial Credit Risk

At September 30, 2017, the Property Appraiser did not hold any deposits or investments that were considered to have custodial credit risk.

Concentration of Credit Risk

At September 30, 2017, the Property Appraiser did not hold any investments that were considered to have concentration of credit risk.

Jefferson County, Florida
Property Appraiser
Notes to Special-Purpose Financial Statements

NOTE 3 - EMPLOYEE PENSION PLAN

The Property Appraiser participates in the Florida Retirement System (FRS), a cost-sharing, multiple employer defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Florida Division of Retirement, Tallahassee, Florida, 32399-1560, or by accessing their internet site at www.frs.state.fl.us/frs/public/annual.

For those employees hired prior to July 1, 2011, FRS provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year prior to normal retirement. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Prior to July 1, 2011, retirement coverage was employee noncontributory. Effective July 1, 2011 the Florida Legislature mandated all employees contribute 3% to their retirement coverage with immediate vesting of their contributions.

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers and employees pay contributions at rates determined each year by the legislature. The employer rates, as a percentage of gross earnings, are as follows:

	10/01/16 Through 06/30/17	07/01/17 Through 09/30/17
Regular employees	7.52%	7.92%
Elected county officials	42.47%	45.50%
DROP participants	12.99%	13.26%
Senior management	21.77%	22.71%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2016 through September 30, 2017, the total payroll for the Property Appraiser employees covered by the System was \$349,162. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2017, 2016 and 2015 were \$66,979, \$57,520 and \$61,055 respectively, which equal the required contributions. For the year ended September 30, 2017, retirement contributions represent 19.18% of covered payroll.

Jefferson County, Florida
Property Appraiser
Notes to Special-Purpose Financial Statements

NOTE 3 - EMPLOYEE PENSION PLAN (CONTINUED)

GASB Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees (or volunteers that provide services to state and local governments) are provided with pensions through pension plans that are administered through trusts or equivalent arrangements, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The adoption of Statement No. 68 has no impact on the Jefferson County, Florida Property Appraiser's governmental fund financial statements, which continue to report expenditures in the amount of the actuarially determined contributions, as required by State law. The calculation of pension contributions is unaffected by the change.

NOTE 4 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION

In addition to the retirement plan in Note 3, the County, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in the group health plan while employed. Employees of the Property Appraiser are covered under the County's plan. The County is required to measure and recognize the annual cost of the future benefits and calculate the annual employer funding requirements and, to the extent funding is not made by the County recognize another post-employment benefit (OPEB) liability on the balance sheet of the County. These amounts, if any, are recorded in the County's government-wide financial statements.

NOTE 5 - EXCESS REVENUE

Pursuant to Section 218.36(2), Florida Statutes, each County Officer shall pay into the county general fund all money in excess of the sum to which he or she is entitled under the provisions of Chapter 145. Excess revenues over expenditures were returned to the Board of County Commissioners as required by Florida Statutes.



Jefferson County, Florida
Property Appraiser
Notes to Special-Purpose Financial Statements

NOTE 6 - FUND EQUITY

Non spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The Property Appraiser had no non-spendable net assets at September 30, 2017.

Spendable fund balances are classified based on a hierarchy of the Property Appraiser's ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. Restricted fund balances have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Assigned fund balances have constraints placed on the use of resources by the Property Appraiser's intent to use the resources for a specific purpose. Unassigned fund balances have not been restricted, committed or assigned to specific purposes within the general fund. For the year ending September 30, 2017, the Property Appraiser reports committed fund balance in the amount of \$10,700 and assigned fund balance in the amount of \$102,465. By Board approval, the Property Appraiser was permitted to retain \$10,700 to convert the Property Appraiser's CAMA system. The \$102,465 represents unspent loan proceeds to be used to complete the purchase of mapping software and related hardware.



COMPLIANCE SECTION

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF SPECIAL-PURPOSE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Angela C. Gray
Property Appraiser of Jefferson County, Florida
Monticello, Florida

We have audited, in accordance with the 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 special-purpose financial statements of the Jefferson County, Florida, Property Appraiser (the "Property Appraiser") as of and for the year ended September 30, 2017, and the related notes to the special-purpose financial statements, which collectively comprise the Property Appraiser's basic special-purpose financial statements and have issued our report thereon dated September 4, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Property Appraiser's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Property Appraiser's internal control. Accordingly, we do not express an opinion on the effectiveness of the Property Appraiser's internal control.

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 statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Honorable Angela C. Gray
Property Appraiser of Jefferson County, Florida
Monticello, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Property Appraiser's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Property Appraiser'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.

Carr, Riggs & Ingram, L.L.C.

Marianna, Florida
September 4, 2018



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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION
218.415, FLORIDA STATUTES, *LOCAL GOVERNMENT INVESTMENT POLICIES***

To the Honorable Angela C. Gray
Property Appraiser of Jefferson County, Florida
Monticello, Florida

We have examined Jefferson County, Florida Property Appraiser (the "Property Appraiser") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2017. Management is responsible for the Property Appraiser's compliance with those requirements. Our responsibility is to express an opinion on the Property Appraiser's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Property Appraiser complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Property Appraiser complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Property Appraiser's compliance with specified requirements.

In our opinion, the Property Appraiser complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Marianna, Florida
September 4, 2018

INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Angela C. Gray
Property Appraiser of Jefferson County, Florida
Monticello, Florida

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of the Jefferson County, Florida, Property Appraiser (the "Property Appraiser"), as of and for the year ended September 30, 2017, and have issued our report thereon dated September 4, 2018.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reports

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated September 4, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This item was disclosed in the notes to the financial statements.

To the Honorable Angela C. Gray
Property Appraiser of Jefferson County, Florida
Monticello, Florida

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations that improve financial management. In connection with our audit, we did not have any such findings.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and the Jefferson County, Florida Property Appraiser and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Cary Riggs & Ingram, L.L.C.

Marianna, Florida
September 4, 2018

**Jefferson County, Florida
Sheriff**

Special-Purpose Financial Statements

September 30, 2017



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INGRAM

CPAs and Advisors

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Jefferson County, Florida
Sheriff
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September 30, 2017

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REPORT



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INDEPENDENT AUDITORS' REPORT

To the Honorable Mac McNeill
Sheriff of Jefferson County, Florida
Monticello, Florida

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of each major fund and the aggregate remaining fund information of the Jefferson County, Florida, Sheriff (the "Sheriff") as of and for the year ended September 30, 2017, and the related notes to the special-purpose financial statements, which collectively comprise the Sheriff's basic special-purpose financial statements as listed in the table of contents.

Management's Responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these special-purpose financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free from material misstatement.

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

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

To the Honorable Mac McNeill
Sheriff of Jefferson County, Florida
Monticello, Florida

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the remaining fund information of the Sheriff as of September 30, 2017, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the special-purpose financial statements, the Sheriff's financial statements are special-purpose financial statements presenting only the financial position and results of operations of the Sheriff. These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Jefferson County, Florida, taken as a whole. As permitted by Chapter 10.556(4), *Rules of the Auditor General* State of Florida, the special-purpose financial statements consist of only the *fund level* financial statements as defined in Governmental Accounting Standards Board Statement 34, and do not include presentations of *government-wide* financial statements of the Sheriff.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the special-purpose financial statements that collectively comprise the Sheriff's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic special-purpose financial statements.

The combining and individual nonmajor fund special-purpose financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic special-purpose financial statements or to the basic special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic special-purpose financial statements as a whole.

To the Honorable Mac McNeill
Sheriff of Jefferson County, Florida
Monticello, Florida

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2018 on our consideration of the 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 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 Sheriff's internal control over financial reporting and compliance.

Cary Riggs & Ingram, L.L.C.

Marianna, Florida
December 11, 2018



**SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

**Jefferson County, Florida
Sheriff
Special-Purpose Balance Sheet
Governmental Funds**

September 30, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 45,663	\$ -	\$ 45,663
Restricted cash and cash equivalents	-	9,256	9,256
Due from other funds	62,650	-	62,650
Total assets	\$ 108,313	\$ 9,256	\$ 117,569
Liabilities			
Accounts payable	\$ 95,063	\$ -	\$ 95,063
Due to Board of County Commissioners	13,250	-	13,250
Total liabilities	108,313	-	108,313
Fund balance			
Restricted	-	9,256	9,256
Total liabilities and fund balances	\$ 108,313	\$ 9,256	\$ 117,569

The accompanying notes are an integral part of these special-purpose financial statements

Jefferson County, Florida
Sheriff
Special-Purpose Statement of Revenues, Expenditures, and
Changes in Fund Balance
Governmental Funds

For the year ended September 30, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Grants	\$ 81,780	\$ -	\$ 81,780
Investment earnings	-	44	44
Other fees and miscellaneous revenues	2,025	35,909	37,934
Total revenues	83,805	35,953	119,758
Expenditures			
Current:			
Public safety and health - Personal services	3,321,230	-	3,321,230
Public safety and health - Operating expenses	912,423	94,587	1,007,010
Capital outlay	60,126	14,175	74,301
Total expenditures	4,293,779	108,762	4,402,541
Excess (deficiency) of revenues over (under) expenditures	(4,209,974)	(72,809)	(4,282,783)
Other financing sources (uses)			
Transfers in	4,223,224	-	4,223,224
Transfers out	(13,250)	-	(13,250)
Net other financing sources (uses)	4,209,974	-	4,209,974
Net change in fund balance	-	(72,809)	(72,809)
Fund balance - beginning	-	82,065	82,065
Fund balance - ending	\$ -	\$ 9,256	\$ 9,256

The accompanying notes are an integral part of these special-purpose financial statements

**Jefferson County, Florida
Sheriff**

**Special-Purpose Statement of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
General Fund**

For the year ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Grants	\$ -	\$ 83,805	\$ 81,780	\$ (2,025)
Total revenues	-	83,805	83,805	-
Expenditures				
Current:				
Public safety and health - Personal services	3,308,865	3,392,670	3,321,230	71,440
Public safety and health - Operating expenses	847,159	847,159	912,423	(65,264)
Capital outlay	62,200	62,200	60,126	2,074
Contingency	5,000	5,000	-	5,000
Total expenditures	4,223,224	4,307,029	4,293,779	13,250
Excess (deficiency) of revenues over (under) expenditures	(4,223,224)	(4,223,224)	(4,209,974)	11,225
Other financing sources (uses)				
Transfers in	4,223,224	4,223,224	4,223,224	-
Transfers out	-	-	(13,250)	(13,250)
Total other financing sources	4,223,224	4,223,224	4,209,974	(13,250)
Net change in fund balance	\$ -	\$ -	\$ -	\$ (2,025)

The accompanying notes are an integral part of these special-purpose financial statements

Jefferson County, Florida
Sheriff
Special-Purpose Statement of Fiduciary Net Position
Agency Funds

September 30, 2017

	Agency Funds
Assets	
Cash	\$ 14,350
Total assets	\$ 14,350
Liabilities	
Due to others	\$ 14,350
Total liabilities	\$ 14,350

The accompanying notes are an integral part of these special-purpose financial statements

Jefferson County, Florida
Sheriff

Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the presentation of these special-purpose financial statements have been designed to conform to generally accepted accounting principles as applicable to governmental units in accordance with Governmental Accounting Standards Board. The following is a summary of significant accounting principles and policies used in the preparation of these special-purpose financial statements.

Reporting Entity

Jefferson County, Florida is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the Board). The Board is responsible for the administration of all departments pursuant to the general laws of Florida.

The Jefferson County Sheriff is an elected official of Jefferson County, Florida pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d), and is a part of the primary government of Jefferson County, Florida. The Jefferson County Sheriff is responsible for the administration and operation of the Sheriff's office, and the Jefferson County Sheriff's financial statements do not include the financial statements of the Board or the other Constitutional Officers of Jefferson County, Florida.

The accompanying special-purpose financial statements present the financial position and results of operations of the various fund types for all the funds controlled by the Jefferson County Sheriff's Office.

The Jefferson County, Florida, Sheriff (the "Sheriff") is a separately elected County official established pursuant to the Constitution of the State of Florida. The Sheriff's special-purpose financial statements do not purport to reflect the financial position or the results of operations of Jefferson County, Florida taken as a whole.

Entity status for financial reporting is governed by Statement No. 14 of the Governmental Accounting Standards Board (GASB). Although the Sheriff's office is operationally autonomous from the Board of County Commissioners ("the Board"), it does not hold sufficient corporate powers of its own to be considered a legally separate entity for financial reporting purposes. Therefore, the Sheriff is reported as part of the primary government of Jefferson County, Florida.

These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Jefferson County, Florida taken as a whole. As permitted by Chapter 10.556(4), *Rules of the Auditor General*, State of Florida, the special-purpose financial statements consist of only the *fund level* financial statements as defined in GASB No. 34, and do not include presentations of *government-wide* financial statements of the Sheriff.

The operations of the Sheriff are primarily funded by the Board. The receipts from the Board are recorded as other financing sources on the Sheriff's financial statements and as other financing uses on the Board's financial statements. Any excess of revenues and other financing sources received over expenditures are remitted to the Board at year-end.

Jefferson County, Florida
Sheriff
Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

These special-purpose financial statements have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the Auditor General, State of Florida. The basic financial statements for the County as a whole, which includes the funds of the Sheriff, were prepared in conformity with generally accepted accounting principles in the United States of America.

In preparing these financial statements the following are reported as major governmental funds:

General Fund - The General Fund is used to account for all revenue and expenditures applicable to the general operations of the Sheriff that are not required either legally or by generally accepted accounting principles to be accounted for in another fund.

In addition, the Sheriff reported the following non-major governmental funds:

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenues sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Sheriff reports the following special revenue funds in the financial statements under the title "Other Governmental Funds."

Inmate Welfare - Accounts for the activities related to operation of inmate commissary.

Investigative Fund - Accounts for revenues and expenditures relating to various forfeitures, investigative fees and restitution.

PGI Fund - Accounts for revenues and expenditures relating to various forfeitures and fees from drug related offenses.

Confiscated Funds - Accounts for revenues and expenditures relating to various forfeitures and fees from drug related offenses.

Charitable Contribution Fund - Accounts for revenues and expenditures relating to public donations to assist the less fortunate.

The Sheriff also reported the following fund type:

Agency Funds - The agency funds are used to account for assets held by the Sheriff as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature and do not involve measurement of changes in financial position.

Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the special-purpose financial statements. Basis of accounting refers to the timing of the measurements made, regardless of the measurement focus applied.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. The major modifications to the accrual basis are: (a) revenues are recorded in the accounting period in which they become available and measurable (available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days for all revenue) (b) expenditures are recorded in the accounting period in which the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid. Charges for services and investment revenue are recorded as earned.

Major revenue sources susceptible to accrual include: intergovernmental revenues and grant revenues. In general, charges for services and other revenue are recognized as earned.

The fiduciary fund statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

When both restricted and unrestricted resources are available for use, it is the Sheriff’s policy to use restricted resources first, then unrestricted resources as needed.

Budgetary Requirements

Florida Statutes, Chapter 30.49 and 129.03(2), details the preparation, adoption and administration of the Sheriff’s annual budget. The Sheriff establishes an annual balanced budget for his office which displays the revenues available to the office and the functions for which the money is to be expended. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

The Sheriff’s annual budgets are monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year end.

Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash includes amounts in demand deposits as well as short term investments with a maturity date within three months of the date acquired by the government.

Capital Assets and Depreciation

Tangible personal property is recorded as expenditures in the governmental fund types at the time an asset is acquired. Assets acquired by the Sheriff are capitalized at cost in the capital asset accounts of the County. The Sheriff maintains custodial responsibility for the capital assets used by his office.

Estimated useful lives, in years, for depreciable assets are as follows:

Furniture, machinery, and equipment	3-30 years
-------------------------------------	------------

Accumulated Compensated Absences

Permanent full-time employees of the Sheriff are entitled to earn vacation and sick time depending on the length of employment. Upon separation of employment, employees can be paid up to 80 hours vacation time and 25% of unused sick time.

The Sheriff's accumulated compensated absences are reported in the statement of net assets in the County's financial statements. No expenditure is reported in the government fund level statement for these amounts until payment is due. Compensated absences liability is based on current rate of pay.

Due to Others

This account is used to account for assets held by the Sheriff in a trustee capacity for other governmental agencies or individuals.

Risk Management and Insurance

The Sheriff participates in the Florida Sheriff Self-Insurance Fund, which is considered a public entity risk pool which purchases insurance policies on behalf of its members. The pool's members are not obligated for risk associated with such coverage. Coverage under these programs includes:

- General liability
- Automobiles
- Money and securities coverage

The Sheriff provides for workers' compensation coverage through the Board.

In addition, the Sheriff participates in the Florida Self-Insurance Fund for risks related to professional liability and public officials' coverage. The funding agreement provides that the liability fund will be self-sustaining through member premiums and that it will reinsure through commercial companies. Aggregate coverage provided by the liability fund is \$3,500,000 for professional liability and \$3,500,000 for public officials' coverage.

Jefferson County, Florida
Sheriff
Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditors' Report, which is the date the special-purpose financial statements were available to be issued.

New Accounting Standards

In fiscal year 2017, the County adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board. See the County-wide financial statements for a list of newly implemented standards and those recently issued but not yet effective.

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2017, the carrying amount of the Sheriff's cash and cash equivalents and restricted cash was \$69,269 and the bank balance was \$82,443. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Florida Statutes authorize the Sheriff to invest in certificates of deposit, repurchase agreements and the State Treasurer's Investment Pool. In addition, the statutes allow the Sheriff to invest in bonds, notes or other obligations of the United States Government, certain bonds of any state or local government unit, and bonds issued by certain government agencies.

Credit Risk

At September 30, 2017, the Sheriff did not hold any deposits or investments that were considered to have credit risk.

Interest Rate Risk

At September 30, 2017, the Sheriff did not hold any investments that were considered to have interest rate risk.

Notes to Special-Purpose Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

At September 30, 2017, the Sheriff did not hold any deposits or investments that were considered to have custodial credit risk.

Concentration of Credit Risk

At September 30, 2017, the Sheriff did not hold any investments that were considered to have concentration of credit risk.

NOTE 3 - EMPLOYEE PENSION PLAN

In accordance with Florida Law, the Sheriff participates in the Florida Retirement System (FRS), a cost-sharing, multiple-employer cost sharing defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by contacting the State of Florida Division of Retirement, Tallahassee, Florida 32399-1560, or by accessing their internet site at www.frs.state.fl.us/frs/public/annual.

The System provides vesting benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Prior to July 1, 2011, retirement coverage was employee noncontributory. Effective July 1, 2011 the Florida Legislature mandated all employee contribute 3% to their retirement coverage with immediate vesting of their contributions.

Notes to Special-Purpose Financial Statements

NOTE 3 - EMPLOYEE PENSION PLAN (CONTINUED)

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that both the employer and employee make contributions at rates determined each year by the legislature. The employer rates, as a percentage of gross earnings, are as follows:

	10/01/16 Through 06/30/17	07/01/17 Through 9/30/17
Regular employees	7.52%	7.92%
Senior management	21.77%	22.71%
Elected county officials	42.47%	45.50%
Special risk employees	22.57%	23.27%
DROP participants	12.99%	13.26%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2016 through September 30, 2017, the total payroll for the Sheriff employees covered by the System was \$2,358,412. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2017, 2016 and 2015 were \$408,708, \$364,864 and \$359,661 respectively, which equal the required contributions. For the year ended September 30, 2017 retirement contributions represent 17.33% of covered payroll.

GASB Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees (or volunteers that provide services to state and local governments) are provided with pensions through pension plans that are administered through trusts or equivalent arrangements, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Jefferson County, Florida
Sheriff
Notes to Special-Purpose Financial Statements

NOTE 3 - EMPLOYEE PENSION PLAN (CONTINUED)

The adoption of Statement No. 68 has no impact on the Jefferson County, Florida Sheriff's governmental fund financial statements, which continue to report expenditures in the amount of the actuarially determined contributions, as required by State law. The calculation of pension contributions is unaffected by the change.

NOTE 4 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION

In addition to the retirement plan in Note 3, the County, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in the group health plan while employed. Employees of the Sheriff are covered under the County's plan. The County is required to measure and recognize the annual cost of the future benefits and calculate the annual employer funding requirements and, to the extent funding is not made by the County recognize another post-employment benefit (OPEB) liability on the balance sheet of the County. These amounts, if any, are recorded in the County's government-wide financial statements.

NOTE 5 - GRANTS

The Sheriff participates in several state and federal grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended September 30, 2017, as well as prior years, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the Sheriff's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined, although the Sheriff expects such amounts, if any, to be immaterial.

NOTE 6 - LITIGATION AND CONTINGENT LIABILITIES

The Sheriff is involved in various litigation arising from the ordinary course of business. In the opinion of management, after consultation with legal counsel, these matters will be resolved without a material adverse effect on the Sheriff's financial position.

NOTE 7 - EXCESS REVENUES

Pursuant to Section 218.36(2), Florida Statutes, each County Officer shall pay into the county general fund all money in excess of the sum to which he or she is entitled under the provisions of Chapter 145. Excess revenues over expenditures returned to the Board of County Commissioners as required by Florida Statutes are accrued and reported as a transfer out.



Jefferson County, Florida
Sheriff
Notes to Special-Purpose Financial Statements

NOTE 8 - FUND EQUITY

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The Sheriff had no non-spendable net assets at September 30, 2017.

Spendable fund balances are classified based on a hierarchy of the Sheriff's ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ending September 30, 2017, the Sheriff reports fund balances as restricted. Restricted fund balance has externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Assigned fund balance has constraints placed on the use of resources by the Sheriff's intent to use the resources for specific purposes. Unassigned fund balance has not been restricted, committed or assigned to specific purposes within the general fund.



SUPPLEMENTARY INFORMATION

Jefferson County, Florida
 Sheriff
 Combining Special-Purpose Balance Sheet -
 Nonmajor Governmental Funds

September 30, 2017

	Inmate Welfare Fund	Investigative Fund	PGI Fund	Confiscated Funds	Charitable Contribution Fund	Total Nonmajor Governmental Funds
Assets						
Restricted cash and cash equivalents	\$ 7,071	\$ 1,888	\$ 146	\$ -	\$ 151	\$ 9,256
Total assets	\$ 7,071	\$ 1,888	\$ 146	\$ -	\$ 151	\$ 9,256
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-	-
Fund balance - restricted	7,071	1,888	146	-	151	9,256
Total liabilities and fund balances	\$ 7,071	\$ 1,888	\$ 146	\$ -	\$ 151	\$ 9,256

See Independent Auditors' Report

**Jefferson County, Florida
Sheriff
Combining Special-Purpose Statement of Revenues,
Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds**

For the year ended September 30, 2017

	Inmate Welfare Fund	Investigative Fund	PGI Fund	Confiscated Funds	Charitable Contribution Fund	Total Nonmajor Governmental Funds
Revenues						
Investment earnings	\$ 44	\$ -	\$ -	\$ -	\$ -	\$ 44
Other fees and miscellaneous revenues	33,638	-	1,371	-	900	35,909
Total revenues	33,682	-	1,371	-	900	35,953
Expenditures						
Current:						
Public safety and health - Operating expenses	80,355	6,729	2,162	2,527	2,814	94,587
Capital outlay	-	-	-	14,175	-	14,175
Total expenditures	80,355	6,729	2,162	16,702	2,814	108,762
Excess (deficiency) of revenues over (under) expenditures	(46,673)	(6,729)	(791)	(16,702)	(1,914)	(72,809)
Net change in fund balance	(46,673)	(6,729)	(791)	(16,702)	(1,914)	(72,809)
Fund balance - beginning	53,744	8,617	937	16,702	2,065	82,065
Fund balance - ending	\$ 7,071	\$ 1,888	\$ 146	\$ -	\$ 151	\$ 9,256

See Independent Auditors' Report



COMPLIANCE SECTION

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF SPECIAL-PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mac McNeill
Sheriff of Jefferson County, Florida
Monticello, Florida

We have audited, in accordance with the 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 special-purpose financial statements of the Jefferson County, Florida, Sheriff (the "Sheriff") as of and for the year ended September 30, 2017, and the related notes to the special-purpose financial statements, which collectively comprise the Sheriff's basic special-purpose financial statements and have issued our report thereon dated December 11, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements, we considered the Sheriff's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control.

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 statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described below as finding No. S08-01 that we consider to be a significant deficiency.

To the Honorable Mac McNeill
Sheriff of Jefferson County, Florida
Monticello, Florida

PRIOR YEAR FINDINGS AND RECOMMENDATIONS:

Need for Segregation of Duties S08-01

CRITERIA: The internal control environment should include proper segregation of duties and responsibilities over accounting functions.

CONDITION: There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of the Sheriff's assets.

CAUSE: The Sheriff has limited personnel in the accounting department.

EFFECT: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

RECOMMENDATION: We realize that due to the limited number of employees and certain incompatible duties being performed by the same employee, it is difficult to achieve ideal separation of duties. Nevertheless, internal control is strengthened when incompatible duties are separated and review procedures are established and adhered to. We also recommend the Sheriff log in to the bank's website and review the original bank statement.

STATUS: This condition continues to exist.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sheriff's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Honorable Mac McNeill
Sheriff of Jefferson County, Florida
Monticello, Florida

Sheriff's Response to Findings

The Sheriff's response to the findings identified in our audit is described in the accompanying letter. The Sheriff's response was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, accordingly, we express no opinion on it.

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 Sheriff'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.

Cary Riggs & Ingram, L.L.C.

Marianna, Florida
December 11, 2018

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION
218.415, FLORIDA STATUTES, *LOCAL GOVERNMENT INVESTMENT POLICIES***

To the Honorable Mac McNeill
Sheriff of Jefferson County, Florida
Monticello, Florida

We have examined Jefferson County, Florida Sheriff (the "Sheriff") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2017. Management is responsible for the Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Sheriff's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Sheriff complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Sheriff complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Sheriff's compliance with specified requirements.

In our opinion, the Sheriff complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Marianna, Florida
December 11, 2018

INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Mac McNeill
Sheriff of Jefferson County, Florida
Monticello, Florida

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of the Jefferson County, Florida Sheriff (the "Sheriff"), as of and for the year ended September 30, 2017, and have issued our report thereon dated December 11, 2018.

Auditors' Responsibility

We conducted our 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; and Chapter 10.550, Rules of the Auditor General.

Other Reports

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated December 11, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted under the heading Prior Year Findings and Recommendations.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This item was disclosed in the notes to the financial statements.

To the Honorable Mac McNeill
Sheriff of Jefferson County, Florida
Monticello, Florida

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in our management letter any recommendations to improve financial management. In connection with our audit, we do not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Jefferson County, Florida Sheriff and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Marianna, Florida
December 11, 2018

Jefferson County, Florida
Sheriff
Management's Response



Mac McNeill, Sheriff
Jefferson County Sheriff's Office

171 Industrial Park
Monticello, Florida 32344
Phone: (850) 997-2523
Fax: (850) 997-0756



Florida Auditor General
Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399

Re: 2016-2017 Audit Report Findings

Dear Sir,

This is in reply to our auditor's findings for the year ended September 30, 2017.

I agree with the auditor's findings and recommendations, however, with the financial pressures and lack of funding, I have found the cost/benefit ratio is far too costly for this office and our county, especially given a widespread below poverty level tax payer base. We would be forced to hire additional personnel to accomplish adequate segregation of duties and to prepare financial statements on our own. In an attempt to rectify the deficiencies, we have utilized procedures to help alleviate the situation. I will continue to review all bank statements before giving them to the person responsible for the bank reconciliations each month. I also continue to review all deposits and payments made by my office to make certain no misstatements are made. I also continue to utilize Carr, Riggs & Ingram to provide financial advice on certain issues as they present themselves in an attempt to make certain all is proper and in order. I also will continue to use Carr, Riggs, & Ingram to prepare my financial statements each year.

Respectfully,

A handwritten signature in blue ink, appearing to read "Mac McNeill".

Mac McNeill, Sheriff
Jefferson County, Florida

MM/jw

**Jefferson County, Florida
Supervisor of Elections**

Special-Purpose Financial Statements

September 30, 2017



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RIGGS &
INGRAM

CPAs and Advisors

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Jefferson County, Florida
Supervisor of Elections
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September 30, 2017

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REPORT





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INDEPENDENT AUDITORS' REPORT

To the Honorable Marty Bishop
Supervisor of Elections of Jefferson County, Florida
Monticello, Florida

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of the major fund of the office of the Jefferson County, Florida, Supervisor of Elections (the "Supervisor of Elections") as of and for the year ended September 30, 2017, and the related notes to the special-purpose financial statements, which collectively comprise the Supervisor of Elections' basic special-purpose financial statements as listed in the table of contents.

Management's Responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these special-purpose financial statements based on our audit. We conducted our 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free from material misstatement.

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

To the Honorable Marty Bishop
Supervisor of Elections of Jefferson County, Florida
Monticello, Florida

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

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund of the Supervisor of Elections as of September 30, 2017, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the special-purpose financial statements, the special-purpose financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida ("Rules"). In conformity with the Rules, the accompanying special-purpose financial statements are intended to present the financial position and changes in financial position of the General Fund of Jefferson County, Florida that is attributable to the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Jefferson County, Florida as of September 30, 2017, and the changes in its financial position for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated August 10, 2018 on our consideration of the Supervisor of Elections' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Supervisor of Elections' internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Marianna, Florida
August 10, 2018



**SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

Jefferson County, Florida
Supervisor of Elections
Special-Purpose Balance Sheet
Governmental Fund

September 30, 2017

	General Fund
Assets	
Cash and cash equivalents	\$ 12,212
Restricted cash	1,872
Total assets	\$ 14,084
Liabilities	
Due to Board of County Commissioners	\$ 12,212
Deferred revenue	1,872
Total liabilities	14,084
Fund balance	-
Total liabilities and fund balance	\$ 14,084

The accompanying notes are an integral part of these special-purpose financial statements

Jefferson County, Florida
Supervisor of Elections
Special-Purpose Statement of Revenues, Expenditures, and
Changes in Fund Balance
Governmental Fund

For the year ended September 30, 2017

	General Fund
<hr/>	
Expenditures	
General government	
Personal services	\$ 202,123
Operating expenses	57,504
Capital Outlay	8,425
<hr/>	
Total expenditures	268,052
<hr/>	
Excess (deficiency) of revenues over (under) expenditures	(268,052)
<hr/>	
Other financing sources (uses)	
Transfers in	280,200
Transfers out	(12,148)
<hr/>	
Net other financing sources (uses)	268,052
<hr/>	
Net change in fund balance	-
<hr/>	
Fund balance - beginning	-
<hr/>	
Fund balance - ending	\$ -
<hr/> <hr/>	

The accompanying notes are an integral part of these special-purpose financial statements

Jefferson County, Florida
Supervisor of Elections

**Special-Purpose Statement of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
General Fund**

For the year ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Expenditures				
General government				
Personal services	\$ 203,000	\$ 203,000	\$ 202,123	\$ 877
Operating expenses	77,200	68,700	57,504	11,196
Capital outlay	-	8,500	8,425	75
Total expenditures	280,200	280,200	268,052	12,148
Excess (deficiency) of revenues over (under) expenditures	(280,200)	(280,200)	(268,052)	12,148
Other financing sources (uses)				
Transfer in	280,200	280,200	280,200	-
Transfer out	-	-	(12,148)	(12,148)
Net other financing sources (uses)	280,200	280,200	268,052	(12,148)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these special-purpose financial statements

Jefferson County, Florida
Supervisor of Elections
Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The special-purpose financial statements of the Jefferson County, Florida Supervisor of Elections (the "Supervisor") have been prepared in accordance with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB), accounting principles generally accepted in the United States of America (GAAP), and accounting practices prescribed by Chapter 10.550, Rules of the Auditor General, State of Florida. The more significant of these governmental accounting policies applicable to the Supervisor of Elections are described below.

Reporting Entity

Jefferson County, Florida is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the "Board"). The Board is responsible for the administration of all departments pursuant to the general laws of Florida.

The Supervisor is an elected official of Jefferson County, Florida pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d), and is a part of the primary government of Jefferson County, Florida. The Jefferson County Supervisor is responsible for the administration and operation of the Supervisor's office, and the Jefferson County Supervisor's special-purpose financial statements do not include the financial statements of the Board or the other Constitutional Officers of Jefferson County, Florida.

The accompanying special-purpose financial statements present the financial position and results of operations of the various fund types for all the funds controlled by the Jefferson County Supervisor's Office.

The Supervisor is a separately elected County official established pursuant to the Constitution of the State of Florida. The Supervisor's special-purpose financial statements do not purport to reflect the financial position or the results of operations of Jefferson County, Florida taken as a whole.

Entity status for financial reporting is governed by Statement No. 14 of the Governmental Accounting Standards Board (GASB). Although the Supervisor's office is operationally autonomous from the Board, it does not hold sufficient corporate powers of its own to be considered a legally separate entity for financial reporting purposes. Therefore, the Supervisor is reported as part of the primary government of Jefferson County, Florida.

These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Jefferson County, Florida taken as a whole. As permitted by Chapter 10.556(4), *Rules of the Auditor General*, State of Florida, the special-purpose financial statements consist of only the *fund level* financial statements as defined in GASB No. 34, and do not include presentations of *government-wide* financial statements of the Supervisor.

Jefferson County, Florida
Supervisor of Elections

Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (continued)

The operations of the Supervisor are primarily funded by the Board. The receipts from the Board are recorded as other financing sources on the Supervisor's special-purpose financial statements and as other financing uses on the Board's financial statements. Any excess of revenues and other financing sources received over expenditures are remitted to the Board at year-end.

Basis of Presentation

These special-purpose financial statements have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the Auditor General, State of Florida. The basic financial statements for the County as a whole, which includes the funds of the Supervisor, were prepared in conformity with generally accepted accounting principles in the United States of America.

In preparing these special-purpose financial statements the following are reported as major governmental funds:

General Fund - The general fund is the general operating fund of the Supervisor of Elections. It is used to account for all financial resources, except those required to be accounted for in another fund.

Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the special-purpose financial statements. Basis of accounting refers to the timing of the measurements made, regardless of the measurement focus applied.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. The major modifications to the accrual basis are: (a) revenues are recorded in the accounting period in which they become available and measurable (available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days for all revenue) (b) expenditures are recorded in the accounting period in which the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid. Charges for services and investment revenue are recorded as earned. When both restricted and unrestricted resources are available for use, it is the Supervisor's policy to use restricted resources first, then unrestricted resources as needed.

Jefferson County, Florida
Supervisor of Elections
Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Requirements

General governmental revenue and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget is prepared by the Supervisor of Elections and adopted by the Board for the general fund.

The Supervisor of Elections' annual budget is monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year end.

Budget to actual comparisons are provided in the special-purpose financial statements for the general fund. All budget amounts presented in the accompanying special-purpose financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

Cash and Cash Equivalents

Cash includes amounts in demand deposits as well as short term investments with a maturity date within three months of the date acquired by the government.

Capital Assets and Depreciation

Tangible personal property is recorded as expenditures in the governmental fund types at the time an asset is acquired. Assets acquired by the Supervisor are capitalized at cost in the capital asset accounts of the County. The Supervisor's assets are reported in the statement of net assets in the County's financial statements. The Supervisor maintains custodial responsibility for the capital assets used by his office.

Estimated useful lives, in years, for depreciable assets are as follows:

Furniture, machinery, and equipment	3-30 years
-------------------------------------	------------

Risk Management and Insurance

The Supervisor is covered under the Board of County Commissioners insurance policies. The Board insures itself against losses from casualty, accident and dishonesty by purchasing insurance through a local insurance agency. The Board believes the level of insurance purchased is adequate to protect against material loss. No significant changes in coverage or claims have been made during the current year.

Jefferson County, Florida
Supervisor of Elections
Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the special-purpose financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditors' Report, which is the date the special-purpose financial statements were available to be issued.

New Accounting Standards

In fiscal year 2017, the County adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board. See the County-wide financial statements for a list of newly implemented standards and those recently issued but not yet effective.

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2017, the carrying amount of the Supervisor's cash and cash equivalents and restricted cash was \$14,084 and the bank balance was \$34,724. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Florida Statutes authorize the Supervisor to invest in certificates of deposit, repurchase agreements and the State Treasurer's Investment Pool. In addition, the statutes allow the Supervisor to invest in bonds, notes or other obligations of the United States Government, certain bonds of any state or local government unit, and bonds issued by certain government agencies.

Credit Risk

At September 30, 2017, the Supervisor did not hold any deposits or investments that were considered to have credit risk.

Jefferson County, Florida
Supervisor of Elections
Notes to Special-Purpose Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

At September 30, 2017, the Supervisor did not hold any investments that were considered to have interest rate risk.

Custodial Credit Risk

At September 30, 2017, the Supervisor did not hold any deposits or investments that were considered to have custodial credit risk.

Concentration of Credit Risk

At September 30, 2017, the Supervisor did not hold any investments that were considered to have concentration of credit risk.

NOTE 3 - EMPLOYEE PENSION PLAN

In accordance with Florida Law, the Supervisor participates in the Florida Retirement System (FRS), a multiple-employer cost sharing defined benefit public retirement system administered by the State of Florida, Department of Administration, and Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by contacting the State of Florida Division of Retirement, Tallahassee, Florida 32399-1560, or by accessing their internet site at www.frs.state.fl.us/frs/public/annual.

For those employees hired prior to July 1, 2011, FRS provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Prior to July 1, 2011, retirement coverage was employee noncontributory. Effective July 1, 2011 the Florida Legislature mandated all employees contribute 3% to their retirement coverage with immediate vesting of their contributions.

Jefferson County, Florida
Supervisor of Elections
Notes to Special-Purpose Financial Statements

NOTE 3 - EMPLOYEE PENSION PLAN (CONTINUED)

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers and employees pay contributions at rates determined each year by the legislature. The employer rates, as a percentage of gross earnings, are as follows:

	10/01/16 Through <u>06/30/17</u>	07/01/17 Through <u>09/30/17</u>
Regular employees	7.52%	7.92%
Elected county officials	42.47%	45.50%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 01, 2016 through September 30, 2017, the total payroll for the Supervisor’s employees covered by the System was \$145,300. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2017, 2016 and 2015 were \$46,021, \$37,158 and \$37,427 respectively, which were the required contributions. For the year ended September 30, 2017 retirement contributions represent 31.67% of covered payroll.

GASB Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees (or volunteers that provide services to state and local governments) are provided with pensions through pension plans that are administered through trusts or equivalent arrangements, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Jefferson County, Florida
Supervisor of Elections
Notes to Special-Purpose Financial Statements

NOTE 3 – EMPLOYEE PENSION PLAN (CONTINUED)

The adoption of Statement No. 68 has no impact on the Jefferson County, Florida Supervisor of Elections' governmental fund financial statements, which continue to report expenditures in the amount of the actuarially determined contributions, as required by State law. The calculation of pension contributions is unaffected by the change.

NOTE 4 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION

In addition to the retirement plan in Note 3, the County, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in the group health plan while employed. Employees of the Supervisor of Elections are covered under the County's plan. The County is required to measure and recognize the annual cost of the future benefits and calculate the annual employer funding requirements and, to the extent funding is not made by the County recognize another post-employment benefit (OPEB) liability on the balance sheet of the County. These amounts, if any, are recorded in the County's government-wide financial statements.

NOTE 5 - EXCESS REVENUE

Pursuant to Section 218.36(2), Florida Statutes, each County Officer shall pay into the county general fund all money in excess of the sum to which he or she is entitled under the provisions of Chapter 145. Excess revenues over expenditures in the amount of \$12,148 were returned to the Board of County Commissioners as required by Florida Statutes subsequent to year end.

NOTE 6 - GRANTS

The Supervisor participates in two state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended September 30, 2017, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the Supervisor's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined, although the Supervisor expects such amounts, if any, to be immaterial.



COMPLIANCE SECTION

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF SPECIAL-PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Marty Bishop
Supervisor of Elections of Jefferson County, Florida
Monticello, Florida

We have audited, in accordance with the 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 special-purpose financial statements of the Jefferson County, Florida, Supervisor of Elections (the "Supervisor of Elections") as of and for the year ended September 30, 2017, and the related notes to the special-purpose financial statements, which collectively comprise the Supervisor of Elections' basic special-purpose financial statements and have issued our report thereon dated August 10, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements, we considered the Supervisor of Elections' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Supervisor of Elections' internal control. Accordingly, we do not express an opinion on the effectiveness of the Supervisor of Election's internal control.

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 statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described below as findings No. SOE08-01 and SOE08-02 that we consider to be significant deficiencies.

To the Honorable Marty Bishop
Supervisor of Elections of Jefferson County, Florida
Monticello, Florida

PRIOR YEAR FINDINGS AND RECOMMENDATIONS:

Need for Segregation of Duties, SOE 08-01

CRITERIA: The internal control environment should include proper segregation of duties and responsibilities over accounting functions.

CONDITION: There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of Supervisor of Elections' assets.

CAUSE: The Supervisor of Elections has limited personnel in the accounting department.

EFFECT: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

RECOMMENDATION: We realize that due to the size of the Supervisor of Elections' administrative staff, it is difficult to achieve ideal separation of duties. However, the Supervisor of Elections should remain very active and involved in the day-to-day operations. Controls should be implemented to help compensate for these weaknesses and to provide check and balances.

MANAGEMENT RESPONSE: This condition continues to exist.

Preparation of GAAP-Based Financial Statements, SOE 08-02

CRITERIA: An entity's system of internal control over financial reporting should include controls over the prevention, detection and correction of misstatements in the audited financial statements.

CONDITION: The Supervisor of Elections relies on the external auditor to assist with preparing the financial statements in conformity with generally accepted accounting principles.

CAUSE: The Supervisor of Elections does not have an individual on staff with the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles (GAAP).

EFFECT: The fact the Supervisor of Elections does not have someone on staff to prepare the financial statements in accordance with generally accepted accounting principles and to record complex accounting transactions results in a significant deficiency under professional standards.

RECOMMENDATION: We understand that the cost-benefit of hiring someone with this expertise is not practical, therefore; we recommend the Supervisor of Elections continue to request outside assistance.

MANAGEMENT RESPONSE: This condition continues to exist.

To the Honorable Marty Bishop
Supervisor of Elections of Jefferson County, Florida
Monticello, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Supervisor of Elections' special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of special-purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Supervisor of Elections' Response to Findings

The Supervisor of Elections' response to the findings identified in our audit is described in the accompanying letter. We did not audit the Supervisor of Elections' response and, accordingly, we express no opinion on it.

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 Supervisor of Elections' 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.

Carr, Riggs & Ingram, L.L.C.

Marianna, Florida
August 10, 2018

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION
218.415, FLORIDA STATUTES, LOCAL GOVERNMENT INVESTMENT POLICIES**

To the Honorable Marty Bishop
Supervisor of Elections of Jefferson County, Florida
Monticello, Florida

We have examined Jefferson County, Florida's Supervisor of Elections (the "Supervisor of Elections") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2017. Management is responsible for the Supervisor of Election's compliance with those requirements. Our responsibility is to express an opinion on the Supervisor of Elections' compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Supervisor of Election's complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Supervisor of Election's complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Supervisor of Elections' compliance with specified requirements.

In our opinion, the Supervisor of Elections complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Marianna, Florida
August 10, 2018

INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Marty Bishop
Supervisor of Elections of Jefferson County, Florida
Monticello, Florida

Report on the Special-Purpose Financial Statements

We have audited the special-purpose financial statements of the Jefferson County, Florida, Supervisor of Elections (the "Supervisor of Elections") as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated August 10, 2018.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated August 10, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have not been taken to address findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the special-purpose financial statements. This item was disclosed in the notes to the special-purpose financial statements.

To the Honorable Marty Bishop
Supervisor of Elections of Jefferson County, Florida
Monticello, Florida

Financial Management

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations that improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the special-purpose financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and the Jefferson County, Florida Supervisor of Elections and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Marianna, Florida
August 10, 2018

Jefferson County, Florida
Supervisor of Elections
Management's Response



380 West Dogwood Street Monticello, Florida 32344 (850) 997-3348 Fax: (850) 997-6958 Email: sojeffersonco@aol.com

Auditor General's Office
Post Office Box 1735
Tallahassee, FL 32302

Dear Sir:

This is in reply to the auditor's findings reported in my audit report for the year ending September 30, 2017.

I agree with the auditor's findings and recommendations, however, with the financial pressures and lack of funding, I have found the cost/benefit ratio is far too great for this office to employ more personnel to have adequate segregation of duties and to prepare our own financial statements. In an attempt to rectify the deficiencies, I will continue to utilize procedures to help mitigate the lack of segregation of duties. Accordingly, I will continue to review all bank statements prior to giving them to the person responsible for bank reconciliations. I will sign all checks and review supporting documentation.

I will continue to utilize Carr, Riggs & Ingram to provide financial advice on certain issues when necessary and we will also continue to use Carr, Riggs & Ingram to prepare the annual financial audit report. I do not have the expertise or the resources to prepare the year end audit report. I do not have access to all GAAP disclosures and other accounting pronouncements. I will continue assisting in the audit report preparation and review the draft for approval.

Please feel free to contact me if you have any questions.

Sincerely,

Marty Bishop
Jefferson County Supervisor of Elections

Jefferson County, Florida Tax Collector

Special-Purpose Financial Statements

September 30, 2017



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RIGGS &
INGRAM

CPAs and Advisors

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**Jefferson County, Florida
Tax Collector
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September 30, 2017**

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REPORT



INDEPENDENT AUDITORS' REPORT

To the Honorable Lois H. Hunter
Tax Collector of Jefferson County, Florida
Monticello, Florida

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of the major fund and the aggregate remaining fund information of the Jefferson County, Florida, Tax Collector (the "Tax Collector") as of and for the year ended September 30, 2017, and the related notes to the special-purpose financial statements, which collectively comprise the Tax Collector's basic special-purpose financial statements as listed in the table of contents.

Management's Responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these special-purpose financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free from material misstatement.

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

To the Honorable Lois H. Hunter
Tax Collector of Jefferson County
Monticello, Florida

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

Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the aggregate remaining fund information of the Tax Collector as of September 30, 2017, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the special-purpose financial statements, the special-purpose financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida ("Rules"). In conformity with the Rules, the accompanying special-purpose financial statements are intended to present the financial position and changes in financial position of the General Fund and fiduciary fund types, only for that portion of the General Fund and fiduciary fund types of Jefferson County, Florida that is attributable to the Tax Collector. They do not purport to, and do not, present fairly the financial position of Jefferson County, Florida as of September 30, 2017, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2018 on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tax Collector's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Marianna, Florida
August 24, 2018



**SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

Jefferson County, Florida
Tax Collector
Special-Purpose Balance Sheet
Governmental Fund

September 30, 2017

	General Fund
Assets	
Cash and cash equivalents	\$ 496,181
Due from other funds	39,446
Total assets	\$ 535,627
Liabilities	
Accounts payable	\$ 8,216
Due to Board of County Commissioners	527,411
Total liabilities	535,627
Fund balance	-
Total liabilities and fund balance	\$ 535,627

The accompanying notes are an integral part of these special-purpose financial statements

Jefferson County, Florida
Tax Collector
Special-Purpose Statement of Revenues, Expenditures, and
Changes in Fund Balance
Governmental Fund

For the year ended September 30, 2017

	General Fund
<hr/>	
Revenues	
Charges for services	\$ 981,843
<hr/>	
Total revenues	981,843
<hr/>	
Expenditures	
General government	
Personal services	326,271
Operating expenses	128,161
<hr/>	
Total expenditures	454,432
<hr/>	
Excess (deficiency) of revenues over (under) expenditures	527,411
<hr/>	
Other financing sources (uses)	
Transfers out	(527,411)
<hr/>	
Net other financing sources (uses)	(527,411)
<hr/>	
Net change in fund balance	-
<hr/>	
Fund balance - beginning	-
<hr/>	
Fund balance - ending	\$ -
<hr/> <hr/>	

The accompanying notes are an integral part of these special-purpose financial statements

Jefferson County, Florida
Tax Collector

Special-Purpose Statement of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
General Fund

For the year ended September 30, 2017

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Charges for services	\$ 924,000	\$ 924,000	\$ 981,843	\$ 57,843
Total revenues	924,000	924,000	981,843	57,843
Expenditures				
General government				
Personal services	365,626	365,626	326,271	39,355
Operating expenses	122,000	122,000	128,161	(6,161)
Total expenditures	487,626	487,626	454,432	33,194
Excess (deficiency) of revenues over (under) expenditures	436,374	436,374	527,411	91,037
Other financing sources (uses)				
Transfers out	(436,374)	(436,374)	(527,411)	(91,037)
Net other financing sources (uses)	(436,374)	(436,374)	(527,411)	(91,037)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these special-purpose financial statements

Jefferson County, Florida
Tax Collector
Special-Purpose Statement of Fiduciary Net Position
Agency Fund

September 30, 2017

	Agency Fund
Assets	
Cash	\$ 1,194,391
Total assets	\$ 1,194,391
Liabilities	
Due to other funds	\$ 39,446
Due to other governments	1,154,945
Total liabilities	\$ 1,194,391

The accompanying notes are an integral part of these special-purpose financial statements

Jefferson County, Florida
Tax Collector
Notes to Special-Purpose Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The special-purpose financial statements of the Jefferson County, Florida Tax Collector (the “Tax Collector”) have been prepared in accordance with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (“GASB”), accounting principles generally accepted in the United States of America (“GAAP”), and accounting practices prescribed by Chapter 10.550 Rules of the Auditor General, State of Florida. The more significant of these governmental accounting policies used in the preparation of these special-purpose financial statements are described below.

Reporting Entity

The Jefferson County Tax Collector’s office is an agency of Jefferson County, Florida, which is a political subdivision of the State of Florida. The County was established on January 6, 1827, by the First Session of the Territorial Legislative Council. Jefferson County, Florida is governed by an elected Board of County Commissioners (“Board”), which derives its authority by the County Charter, Florida State Statutes and regulations. In addition to the members of the Board, there are five elected Constitutional Officers: Clerk of Courts, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections. The Constitutional Officers maintain separate accounting records and budgets.

The accompanying special-purpose financial statements present the financial position and results of operations of the various fund types for all the funds controlled by the Jefferson County Tax Collector’s Office.

The Tax Collector is a separately elected County official established pursuant to the Constitution of the State of Florida. The Tax Collector’s special-purpose financial statements do not purport to reflect the financial position or the results of operations of Jefferson County, Florida taken as a whole.

Entity status for financial reporting purposes is governed by Statement No. 14 of the Governmental Accounting Standards Board (GASB). Although the Tax Collector’s office is operationally autonomous from the Board of County Commissioners (the “Board”), it does not hold sufficient corporate powers of its own to be considered a legally separate entity for financial reporting purposes. Therefore, the Tax Collector is reported as part of the primary government of Jefferson County, Florida.

These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Jefferson County, Florida taken as a whole. As permitted by Chapter 10.556(4), *Rules of the Auditor General* State of Florida, the special-purpose financial statements consist of only the *fund level* financial statements as defined in GASB No. 34, and do not include presentations of *government-wide* financial statements of the Tax Collector.

The Tax Collector operates on a fee system. Under the fee system, the officer retains fees, commissions, and other revenue to pay all operating expenditures, including statutory compensation. Any excess of revenue and other financial sources received over expenditures are remitted to the Board of County Commissioners after the end of the fiscal year.

Notes to Special-Purpose Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

These special-purpose financial statements have been prepared in conformity with the accounting principles and reporting guidelines established by Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the Auditor General, State of Florida. The basic financial statements for the County as a whole, which includes the funds of the Tax Collector, were prepared in conformity with generally accepted accounting principles in the United States of America.

In preparing these special-purpose financial statements the following is reported as a major governmental fund:

General Fund - The general fund is the general operating fund of the Tax Collector. It is used to account for all financial resources, except those required to be accounted for in another fund.

The Tax Collector also reported the following fund type:

Agency Fund - The agency funds are used to account for assets held by the Tax Collector as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature and do not involve measurement of changes in financial position. The Tax Collector reports Boats and Licenses, Tag, Tax, and Driver's License Transactions in the agency fund.

Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the special-purpose financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Jefferson County, Florida
Tax Collector
Notes to Special-Purpose Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting - continued

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. The major modifications to the accrual basis are: (a) revenues are recorded in the accounting period in which they become available and measurable (available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days for all revenue) (b) expenditures are recorded in the accounting period in which the liability is incurred, except for accumulated sick and vacation pay, which are not recorded until paid. Charges for services and investment revenue are recorded as earned.

The fiduciary fund statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

When both restricted and unrestricted resources are available for use, it is the Tax Collector's policy to use restricted resources first, then unrestricted resources as needed.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short term investments with a maturity date within three months of the date acquired by the government.

Capital Assets and Depreciation

Tangible personal property is recorded as expenditures in the general fund at the time an asset is acquired. Assets acquired by the Tax Collector are capitalized at cost in the capital asset accounts of the County. The Tax Collector's assets are reported in the Statement of Net Position in the County's financial statements. The Tax Collector maintains custodial responsibility for the capital assets used by her office.

Estimated useful lives, in years, for depreciable assets are as follows:

Furniture, machinery, and equipment 3-30 years

Accumulated Compensated Absences

Permanent full-time employees of the Tax Collector are entitled to accrue personal leave time based upon the County's personnel policy related to the length of employment with the Tax Collector's office. Upon separation from employment, employees can be paid for unused leave in accordance with the County's personnel policy.

Notes to Special-Purpose Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accumulated Compensated Absences (continued)

The Tax Collector's accumulated compensated absences are reported in the statement of net position in the County's financial statements. No expenditure is reported in the government fund level statements for these amounts until payment is due. Compensated absences liability is based on current rate of pay.

Budgetary Requirements

Florida Statutes, Chapter 218.35 and 195.087, details the preparation, adoption and administration of the Tax Collectors' annual budget. The Tax Collector establishes an annual balanced budget for her office which displays the revenues available to the office and the functions for which the money is to be expended. The budgeted revenues and expenditures in the accompanying special-purpose financial statements reflect all amendments approved by the Department of Revenue and the Board of County Commissioners. The budget is prepared on a basis consistent with generally accepted accounting principles (GAAP) in the United States of America.

Property Tax Collections

Chapter 197, Florida Statutes, governs property tax collections.

Current Taxes

All property taxes become due and payable on November 1, and are delinquent on April 1 of the following year. Discounts of 4%, 3%, 2% and 1% are allowed for early payment in November through February, respectively.

Unpaid Taxes - Sale of Tax Certificates

The Tax Collector advertises, as required by Florida Statutes, and then sells tax certificates on all real property for unpaid taxes. Certificates not purchased are issued to the County. Any person owning real property upon which a tax certificate has been sold may redeem the certificate by paying the Tax Collector the face amount of the tax certificate plus interest and other costs.

Tax Deeds

The owner of a tax certificate may, after two years of holding a certificate (after April 1), file an application for tax deed sale. The County, as a certificate owner, may exercise similar procedures two years after taxes have been delinquent (after April 1). Tax deeds are issued to the highest bidder for the property, which is sold at public auction. The Clerk of the Court administers these sales.

Jefferson County, Florida
Tax Collector
Notes to Special-Purpose Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management and Insurance

The Tax Collector is covered under the Board of County Commissioners insurance policies. The Board insures itself against losses from casualty, accident and dishonesty by purchasing insurance through a local insurance agency. The Board believes the level of insurance purchased is adequate to protect against material loss. No significant changes in coverage or claims have been made during the current year.

Management Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditors' Report, which is the date the special-purpose financial statements were available to be issued.

New Accounting Standards

In fiscal year 2017, the County adopted four new statements of financial accounting standards issued by the Governmental Accounting Standards Board. See the County-wide financial statements for a list of newly implemented standards and those recently issued but not yet effective.

NOTE 2 – DEPOSITS AND INVESTMENTS

At September 30, 2017, the carrying amount of the Tax Collector's cash and cash equivalents was \$1,690,572 and the bank balance was \$1,312,450. The balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Florida Statutes authorize the Tax Collector to invest in certificates of deposit, repurchase agreements and the State Treasurer's Investment Pool. In addition, the statutes allow the Tax Collector to invest in bonds, notes or other obligations of the United States Government, certain bonds of any state or local government unit, and bonds issued by certain government agencies.

Notes to Special-Purpose Financial Statements

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk

At September 30, 2017, the Tax Collector did not hold any deposits or investments that were considered to have credit risk.

Interest Rate Risk

At September 30, 2017, the Tax Collector did not hold any investments that were considered to have interest rate risk.

Custodial Credit Risk

At September 30, 2017, the Tax Collector did not hold any deposits or investments that were considered to have custodial risk.

Concentration of Credit Risk

At September 30, 2017, the Tax Collector did not hold any investments that were considered to have concentration of credit risk.

NOTE 3 – EMPLOYEE PENSION PLAN

The Tax Collector participates in the Florida Retirement System (FRS), a cost-sharing, multiple employer defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Florida Division of Retirement, Tallahassee, Florida, 32399-1560, or by accessing their internet site at www.frs.state.fl.us/frs/public/annual.

For those employees hired prior to July 1, 2011, FRS provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year prior to normal retirement. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Prior to July 1, 2011, retirement coverage was employee noncontributory. Effective July 1, 2011 the Florida Legislature mandated all employees contribute 3% to their retirement coverage with immediate vesting of their contributions.

Jefferson County, Florida
Tax Collector

Notes to Special-Purpose Financial Statements

NOTE 3 – EMPLOYEE PENSION PLAN (CONTINUED)

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers and employees pay contributions at rates determined each year by the legislature. The employer rates, as a percentage of gross earnings, are as follows:

	10/01/16 Through <u>06/30/17</u>	07/01/17 Through <u>09/30/17</u>
Regular employees	7.52%	7.92%
Elected county officials' class	42.47%	45.50%
DROP participants	12.99%	13.26%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 01, 2016 through September 30, 2017, the total payroll for the Tax Collector's employees covered by the System was \$279,670. The retirement contributions for all employees covered by the FRS for the years ended September 2017, 2016 and 2015 were \$25,961, \$25,552 and \$39,289 which were the required contributions. For the year ended September 30, 2017 retirement contributions represent 9.28% of covered payroll.

GASB Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees (or volunteers that provide services to state and local governments) are provided with pensions through pension plans that are administered through trusts or equivalent arrangements, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

**Jefferson County, Florida
Tax Collector**

Notes to Special-Purpose Financial Statements

NOTE 4 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION

In addition to the retirement plan in Note 3, the County, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in the group health plan while employed. Employees of the Tax Collector are covered under the County's plan. The County is required to measure and recognize the annual cost of the future benefits and calculate the annual employer funding requirements and, to the extent funding is not made by the County recognize another post-employment benefit (OPEB) liability on the balance sheet of the County. These amounts, if any, are recorded in the County's government-wide financial statements.

NOTE 5 – EXCESS REVENUE

Pursuant to Section 218.36(2), Florida Statutes, any excess revenues over expenditures determined as of the fiscal year end, "...is returned to each governmental unit in the same proportion as the fees paid by the governmental unit bear to the total fee income of the Tax Collector." For the year ended September 30, 2017, excess revenues over expenditures of \$527,411 are accrued and reported as a transfer out.



COMPLIANCE SECTION

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF SPECIAL-PURPOSE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Lois H. Hunter
Tax Collector of Jefferson County
Monticello, Florida

We have audited, in accordance with the 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 special-purpose financial statements of the Jefferson County, Florida, Tax Collector (the "Tax Collector") as of and for the year ended September 30, 2017, and the related notes to the special-purpose financial statements, which collectively comprise the Tax Collector's basic special-purpose financial statements and have issued our report thereon dated August 24, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements, we considered the Tax Collector's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the special-purpose financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tax Collector's internal control.

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 Tax Collector's special-purpose financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Honorable Lois H. Hunter
Tax Collector of Jefferson County
Monticello, Florida

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tax Collector's special-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of special-purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Tax Collector'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.

Carr, Riggs & Ingram, L.L.C.

Marianna, Florida
August 24, 2018



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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION
218.415, FLORIDA STATUTES, *LOCAL GOVERNMENT INVESTMENT POLICIES***

To the Honorable Lois H. Hunter
Tax Collector of Jefferson County, Florida
Monticello, Florida

We have examined Jefferson County, Florida, Tax Collector (the "Tax Collector") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2017. Management is responsible for the Tax Collector's compliance with those requirements. Our responsibility is to express an opinion on the Tax Collector's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Tax Collector complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Tax Collector complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Tax Collector's compliance with specified requirements.

In our opinion, the Tax Collector complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Marianna, Florida
August 24, 2018

INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Lois H. Hunter
Tax Collector of Jefferson County, Florida
Monticello, Florida

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of the Jefferson County, Florida, Tax Collector (the "Tax Collector"), as of and for the year ended September 30, 2017, and have issued our report thereon dated August 24, 2018.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reports

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated August 24, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations made in the preceding annual special-purpose financial audit report.

To the Honorable Lois H. Hunter
Tax Collector of Jefferson County, Florida
Monticello, Florida

Official Title and Legal Authority

Section 10.554(1)(i)4, Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the special-purpose financial statements. The Jefferson County, Florida, Tax Collector was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Jefferson County, Florida, Tax Collector.

Financial Management

Section 10.554(1)(i)2, Rules of the Auditor General, requires that we address in the management letter any findings and recommendations that improve financial management. In connection with our audit, we did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the special-purpose financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and the Jefferson County, Florida Tax Collector and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Marianna, Florida
August 24, 2018