

# **Jefferson County, Florida**

**Financial Statements**

**September 30, 2008**

**Jefferson County, Florida**  
**Table of Contents**  
**September 30, 2008**

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<b>Independent Auditors' Report</b>	1-2
<b>Management's Discussion and Analysis</b>	i-vi
<b>Basic Financial Statements</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Assets	3
Statement of Activities	4
<b>Fund Financial Statements:</b>	
Balance Sheet - Governmental Funds	5
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget And Actual – General Fund	8
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget And Actual – Fine and Forfeiture Fund	9
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget And Actual – Sales Tax Fund	10
Statement of Fiduciary Net Assets – Agency Funds	11
Notes to Financial Statements	12-26
<b>Supplemental Information</b>	
Combining Balance Sheet - Nonmajor Governmental Funds	28-29
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	30-31
Combining Statement of Fiduciary Net Assets – Agency Funds	32
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 <i>Government Auditing Standards</i>	33-34

**Jefferson County, Florida**  
**Table of Contents (Continued)**  
**September 30, 2008**

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Independent Auditors' Management Letter Comments	35-37
Management's Response	38
Schedule of Federal and State Financial Assistance	39-42
Summary Schedule of Prior Audit Findings	43
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Program and State Project And on Internal Control Over Compliance in Accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General	44-45
Schedule of Findings and Questioned Costs	46-48

**Financial Statements for Constitutional Officers**

Clerk of the Circuit Court

Property Appraiser

Sheriff

Supervisor of Elections

Tax Collector

**JEFFERSON COUNTY, FLORIDA  
FINANCIAL STATEMENTS  
September 30, 2008**

**BOARD OF COUNTY COMMISSIONERS**

**Stephen G. Fulford – District 1  
Eugene C. Hall – District 2  
Hines F. Boyd – District 3  
Felix “Skeet” Joyner – District 4  
Danny Monroe, III – District 5**

**CLERK OF THE CIRCUIT COURT  
Kirk B. Reams**

**SHERIFF  
David C. Hobbs**

**TAX COLLECTOR  
Lois Howell Hunter**

**PROPERTY APPRAISER  
David W. Ward**

**SUPERVISOR OF ELECTIONS  
Marty Bishop**

**COUNTY ATTORNEY  
T. Buckingham Bird**

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



## INDEPENDENT AUDITORS' REPORT

The Honorable Board of County Commissioners  
and Constitutional Officers  
The County of Jefferson, Florida

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information and fiduciary fund type of Jefferson County, Florida ("County") as of and for the year ended September 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 and fiduciary fund type of Jefferson County, Florida, as of September 30, 2008, and the respective changes in financial position 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.

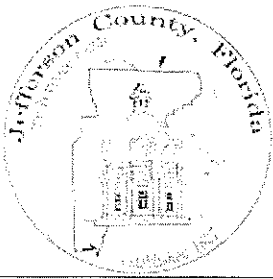
In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2009 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and 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* and should be read in conjunction with this report in considering the results of our audit.

Managements' discussion and analysis on pages i to vi is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The combining and individual non-major fund financial statements and the combining statement of net assets for fiduciary funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of federal and state financial assistance, as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the Rules of the Auditor General of the State of Florida, and the Florida Single Audit Act, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining and individual non-major fund financial statements and combining statement of net assets for fiduciary funds and the schedule of federal and state financial assistance have been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



February 26, 2009



# BOARD OF COUNTY COMMISSIONERS JEFFERSON COUNTY, FLORIDA

THE KEYSTONE COUNTY-ESTABLISHED 1827

1 COURTHOUSE CIRCLE, ROOM 10; MONTICELLO, FLORIDA 32344

VOICE: (850)-342-0218

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Stephen G. Fulford  
District 1

Eugene C. Hall  
District 2

Hines F. Boyd  
District 3

Felix "Skeet" Joyner  
District 4

Danny Monroe, III  
District 5

## 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, 2008. It should be read in conjunction with the County's financial statements, which begin on page 3.

## FINANCIAL HIGHLIGHTS

- The County's net assets increased as a result of this year's operations. Net assets of our governmental activities increased by \$842,913, or 7.53%. The County does not have any business-type activities.
- During the year, the County generated tax and other revenues of \$842,913 more than the \$16.20 million of its governmental program expenses. This compares to last year, however, when expenses exceeded revenues by \$626,519.
- The total cost of the County's programs decreased by \$5,877,042 over the preceding year (or 26.62%).
- The general fund reported an increase of \$176,901 including net transfers of \$2,570,599 to other funds.
- The resources available for appropriation were \$617,355 lower than budgeted for the general fund. However, we kept expenditures within spending limits and came in \$1,223,152 under budget within the general fund.

## USE OF THIS REPORT

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 3 and 4) provide information about the activities of the County as a whole and present a longer-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 5. 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.

Kirk Reams  
Clerk of Courts

Roy M. Schleicher  
County Coordinator

T. Buckingham Bird  
County Attorney

## **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 Assets 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 assets and the changes in them. You can think of the County's net assets (the difference between assets and liabilities) as one way to measure the County's financial health, or its financial position. Over time, increases or decreases in the County's net assets 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 and Federal grants generally finance most of these activities.

## **Reporting on the County's Most Significant Funds**

The fund financial statements begin on page 5 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.

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 Assets 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

The County's net assets increased by \$842,913 from a year ago. Our analysis is detailed below regarding Table 1, net assets and Table 2, changes in net assets.

### NET ASSETS

	<b>Governmental Activities</b>	
	<b><u>9/30/2008</u></b>	<b><u>9/30/2007</u></b>
Cash and other assets	\$ 7,925,676	\$ 7,130,032
Capital assets - net	6,695,728	7,172,677
Total assets	<u>14,621,404</u>	<u>14,302,709</u>
Long-term debt outstanding	2,437,769	2,437,769
Other liabilities	147,073	671,291
Total liabilities	<u>2,584,842</u>	<u>3,109,060</u>
Net assets:		
Invested in capital assets, net of debt	4,257,959	4,538,728
Restricted	5,982,868	3,300,027
Unrestricted	1,795,735	3,354,894
Total net assets	<u>\$ 12,036,562</u>	<u>\$ 11,193,649</u>

Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, decreased by \$1,559,159 (or 46.5%) over the prior year. Restricted net assets increased by \$2,682,841 (or 81.3%) from the prior year. The primary reason for the decrease in unrestricted net assets was a significant increase in spending for debt service and capital projects related expenditures and grant expenditures without budgeted transfers from available unrestricted net assets.

**Table 2**  
**Changes in Net Assets**

	<b>Governmental Activities</b>	
	<b><u>9/30/2008</u></b>	<b><u>9/30/2007</u></b>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 2,263,448	\$ 1,539,880
Federal and state grants	3,052,048	7,342,259
General revenues:		
Property and other taxes	8,868,170	9,720,639
Intergovernmental revenues	2,749,943	2,434,138
Other general revenues	112,655	416,958
Total revenues	17,046,264	21,453,874
<b>Program expenses:</b>		
General government	4,569,598	5,592,639
Transportation	2,064,730	5,913,584
Public safety and judiciary	5,446,104	5,621,320
Health and sanitation	2,113,269	2,191,631
Economic development	1,341,666	2,048,139
Culture and recreation	477,229	503,635
Interest on long-term debt	190,755	209,445
Total program expenses	16,203,351	22,080,393
Increase (decrease) in net assets	\$ 842,913	\$ (626,519)

The County's total revenue decreased by 20.5%, or \$4,407,610 during the year while total expenses decreased by 26.6%, or \$5,877,042. The decline in total revenues was due primarily to a decrease in tax revenues and state and federal grants to improve roads.

### **THE COUNTY'S FUNDS**

The County's governmental funds (as presented in the balance sheet on page 12) reported a *combined* fund balance of \$7.78 million, which is an increase of \$1,123,682 over the prior year. Included in this year's total change in fund balance is an increase of \$176,901 in the County's general fund balance. The general fund had an excess of revenues over expenditures of \$2,747,500 and net transfers to other funds of \$2,570,599 resulting in the increase in fund balance noted above. In addition, these other changes in fund balances should be noted:

- The fine and forfeiture fund incurred an excess of expenditures over revenues of \$2,234,954 and had transfers from other funds of \$2,286,918 resulting in an increase in fund balance of \$51,964.
- The sales tax fund had an excess of revenues over expenditures of \$722,383 and transfers to other funds of \$732,551 resulting in a net decrease in fund balance of \$10,168.

- The other governmental funds incurred a deficit of expenditures over revenues of \$111,246 and transfers from other funds of \$1,016,232 resulting in an increase in fund balance of \$904,986.

### 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. After considering these amendments, the general fund actual revenues were under budget by \$617,355.

Overall expenditures were less than amounts appropriated by \$1,223,152. Operating expenditures were less than appropriations primarily in the areas of the capital outlay, general County operations, Property Appraiser's office, Tax Collector's office, Clerk's office and the Supervisor of Elections' office.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

The County had \$6.70 million, net of depreciation, invested in a broad range of capital assets, including land, buildings, roads, bridges, park facilities and equipment. This represents a net decrease (including additions and deletions) of \$476,949 over last year. Table 3 below details the composition of these assets.

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

	<b>Governmental Activities</b>	
	<u>9/30/2008</u>	<u>9/30/2007</u>
Land	\$ 837,327	\$ 837,327
Buildings & Improvements	4,449,888	4,765,777
Equipment	1,408,513	1,569,573
Infrastructure	<u>-</u>	<u>-</u>
Totals	<u>\$ 6,695,728</u>	<u>\$ 7,172,677</u>

Major additions for the year were heavy equipment, automotive equipment and sanitation equipment. Infrastructure includes all the County roads and bridges which are fully depreciated. Major deletions were disposition of land, buildings and equipment.

## Debt

The County had various installment purchase obligations of \$26,769 and Revenue Bonds of \$2,411,000 outstanding at the end of the 2008 fiscal year, a decrease of \$196,180, as shown in Table 4.

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

	<b>Governmental Activities</b>	
	<b>9/30/2008</b>	<b>9/30/2007</b>
Installment obligations	\$ 26,769	\$ 73,949
Revenue bond	<u>2,411,000</u>	<u>2,560,000</u>
Totals	<u>\$ 2,437,769</u>	<u>\$ 2,633,949</u>

Items of equipment have been bought in prior years under various installment equipment obligations bearing interest at 5.5% to 5.84% per annum. These obligations require monthly and annual installments of varying amounts through March, 2010. The Revenue Bond is dated October 20, 1999 and bears interest at 4.5%. Interest and principal are payable annually each September 1<sup>st</sup> starting in 2001 through September 1, 2020.

The Bond and the interest thereon are payable solely from and secured by a lien upon and a pledge of (i) the amount of the local government half-cent sales tax distributed by the State to the County, and (ii) the amount of pari-mutual tax revenues distributed to the County.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The County's elected Commissioners consider many factors when setting the fiscal year 2009 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.

It is expected that the assessed value of property within the County will be decreased for 2009; however the millage rate will probably remain the same. The assessments for fire and landfill will probably be adjusted for some increase which will produce more revenue to offset increased costs in these areas. The decrease in assessed value of property will generate less in ad valorem taxes for the 2009 budget year.

## **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 Assets**

September 30, 2008

		Primary Governmental Activities
<b>Assets</b>		
Cash	\$	437,911
Restricted cash		5,862,366
Accounts receivable		653,750
Due from other governments		851,144
Inventory of supplies		120,505
Capital assets		
Land		837,326
Buildings & improvements		6,843,702
Machinery & equipment		8,014,246
Infrastructure		26,040,640
Less allowance for depreciation		(35,040,186)
Total assets		14,621,404
<b>Liabilities</b>		
Accounts payable		142,233
Due to other agency		4,840
Long-term liabilities		
Portion due or payable within one year		
Capital lease obligations		26,769
Public improvement revenue bonds payable		156,000
Landfill closure and post-closure costs		111,536
Portion due or payable after one year		
Public improvement revenue bonds payable		2,255,000
Landfill closure and post-closure costs		1,449,969
Total liabilities		4,146,347
<b>Net assets</b>		
Invested in capital assets, net of related debt		4,257,959
Reserved for:		
Tourist development		23,169
Impact fees		160,633
Landfill escrow		126,513
Law enforcement		1,358,916
Inventory		120,505
Debt service		229,200
Capital projects		111,485
Landfill fund		875,778
Fire safety		765,836
Emergency communications		912,247
SHIP trust fund		257,320
Grants fund		660,281
Transportation trust fund		380,985
Unrestricted		234,230
Total net assets		\$ 10,475,057

See accompanying notes to financial statements.

**Jefferson County, Florida**  
**Statement of Activities**

Year ended September 30, 2008

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Program Revenues		Governmental Activities	Total
		Fees, Fines and Charges for Services	Operating Grants and Contributions		
Primary Government					
Governmental activities					
General government	\$ 4,298,018	\$ 655,886	\$ 543,909	\$ (3,098,223)	\$ (3,098,223)
Transportation	2,064,730	1,073,668	248,782	(742,280)	(742,280)
Public safety	4,914,103	290,721	238,800	(4,384,582)	(4,384,582)
Fire safety	471,777	15,855	1,954	(453,968)	(453,968)
Health & sanitation	1,430,816	200,634	394,337	(835,845)	(835,845)
Physical environment	317,833	-	-	(317,833)	(317,833)
Human services	364,620	-	-	(364,620)	(364,620)
Economic development:	1,341,666	-	1,279,838	(61,828)	(61,828)
Culture & recreation	477,229	-	344,428	(132,801)	(132,801)
Agriculture	271,580	-	-	(271,580)	(271,580)
Court related	60,224	26,684	-	(33,540)	(33,540)
Interest on long-term debt	190,755	-	-	(190,755)	(190,755)
<b>Total primary government</b>	<b>16,203,351</b>	<b>2,263,448</b>	<b>3,052,048</b>	<b>(10,887,855)</b>	<b>(10,887,855)</b>
General revenues					
Taxes					
Property taxes				4,685,371	4,685,371
Local option taxes				1,447,185	1,447,185
Racing taxes				223,250	223,250
Card room tax				14,898	14,898
Sales taxes				1,675,797	1,675,797
Gasoline taxes				741,316	741,316
Communications services tax				80,353	80,353
Investment earnings				112,655	112,655
Miscellaneous				2,749,943	2,749,943
<b>Total general revenues</b>				<b>11,730,768</b>	<b>11,730,768</b>
Change in net assets				842,913	842,913
<b>Net assets - beginning</b>				<b>9,632,144</b>	<b>9,632,144</b>
<b>Net assets - ending</b>				<b>\$ 10,475,057</b>	<b>\$ 10,475,057</b>

See accompanying notes to financial statements.

**Jefferson County, Florida**  
**Balance Sheet**  
**Governmental Funds**

September 30, 2008

	General Fund	Fine and Forfeiture Fund	Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash	\$ 4,359,376	\$ 394,957	\$ -	\$ 1,545,941	\$ 6,300,274
Accrued interest receivable	-	-	-	3	3
Accounts receivable	653,750	-	-	-	653,750
Due from other funds	-	916,509	1,350,137	3,031,361	5,298,007
Due from other governments	499,189	48,138	78,928	224,889	851,144
Loan to other fund	154,838	-	-	-	154,838
Inventory of supplies	-	-	-	120,505	120,505
<b>Total assets</b>	<b>\$ 5,667,153</b>	<b>\$ 1,359,604</b>	<b>\$ 1,429,065</b>	<b>\$ 4,922,699</b>	<b>\$ 13,378,521</b>
<b>Liabilities</b>					
Accounts payable	\$ 71,318	\$ 688	\$ -	\$ 70,227	\$ 142,233
Due to other agency	4,840	-	-	-	4,840
Due to other funds	4,914,010	-	-	383,997	5,298,007
Loan from other fund	-	-	-	154,838	154,838
<b>Total liabilities</b>	<b>4,990,168</b>	<b>688</b>	<b>-</b>	<b>609,062</b>	<b>5,599,918</b>
<b>Fund balances</b>					
Reserved for:					
Tourist development	23,169	-	-	-	23,169
Impact fees	160,633	-	-	-	160,633
Landfill escrow	126,513	-	-	-	126,513
Law enforcement	-	1,358,916	-	-	1,358,916
Inventories	-	-	-	120,505	120,505
Unreserved, reported in:					
General fund	366,670	-	-	-	366,670
Sales tax fund	-	-	1,429,065	-	1,429,065
County transportation trust fund	-	-	-	380,985	380,985
Grants fund	-	-	-	917,601	917,601
Fire safety	-	-	-	765,836	765,836
Landfill fund	-	-	-	875,778	875,778
Emergency communications fund	-	-	-	912,247	912,247
Capital projects fund	-	-	-	111,485	111,485
Debt service fund	-	-	-	229,200	229,200
<b>Total fund balances</b>	<b>676,985</b>	<b>1,358,916</b>	<b>1,429,065</b>	<b>4,313,637</b>	<b>7,778,603</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,667,153</b>	<b>\$ 1,359,604</b>	<b>\$ 1,429,065</b>	<b>\$ 4,922,699</b>	<b>\$ 13,378,521</b>
Total fund balances per above					\$ 7,778,603
Amounts reported for governmental activities in the Statement of Net Assets are different because:					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$35,040,186					6,695,728
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:					
Capital lease obligations					(26,769)
Landfill closure and post-closure costs					(1,561,505)
Public Improvement Revenue Bonds					(2,411,000)
<b>Net assets of governmental activities</b>					<b>\$ 10,475,057</b>

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, 2008

	General Fund	Fine and Forfeiture Fund	Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 3,772,214	\$ 944,934	\$ 722,383	\$ 1,935,758	\$ 7,375,289
Intergovernmental	3,180,896	100,846	-	1,717,827	4,999,569
Licenses and permits	279,959	-	-	-	279,959
Charges for services	1,552,558	14,860	-	-	1,567,418
Fines and costs	-	186,928	-	-	186,928
Miscellaneous	372,898	22,062	-	2,242,141	2,637,101
<b>Total revenues</b>	<b>9,158,525</b>	<b>1,269,630</b>	<b>722,383</b>	<b>5,895,726</b>	<b>17,046,264</b>
<b>EXPENDITURES</b>					
Current operating:					
General government:	3,466,392	-	-	-	3,466,392
Transportation	-	-	-	1,976,605	1,976,605
Public safety	1,433,874	3,259,077	-	69,968	4,762,919
Fire safety	-	-	-	462,247	462,247
Health and sanitation	-	-	-	1,430,816	1,430,816
Physical environment	201,338	-	-	-	201,338
Human services	364,620	-	-	-	364,620
Economic development	-	-	-	1,341,666	1,341,666
Culture and recreation	472,809	-	-	-	472,809
Agriculture	260,095	-	-	-	260,095
Court related	60,224	-	-	-	60,224
Debt service:					
Principal	-	-	-	374,000	374,000
Interest	-	-	-	190,755	190,755
Capital outlay	151,673	245,507	-	160,915	558,095
<b>Total expenditures</b>	<b>6,411,025</b>	<b>3,504,584</b>	<b>-</b>	<b>6,006,972</b>	<b>15,922,581</b>
Excess of revenues over (under) expenditures	2,747,500	(2,234,954)	722,383	(111,246)	1,123,683
<b>Other financing sources (uses)</b>					
Operating transfers in	732,551	2,286,918	-	1,043,825	4,063,294
Operating transfers (out)	(3,303,150)	-	(732,551)	(27,593)	(4,063,294)
<b>Total other financing sources and (uses)</b>	<b>(2,570,599)</b>	<b>2,286,918</b>	<b>(732,551)</b>	<b>1,016,232</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>176,901</b>	<b>51,964</b>	<b>(10,168)</b>	<b>904,986</b>	<b>1,123,683</b>
<b>Fund balance - beginning</b>	<b>500,084</b>	<b>1,306,952</b>	<b>1,439,233</b>	<b>3,408,651</b>	<b>6,654,920</b>
<b>Fund balance - ending</b>	<b>\$ 676,985</b>	<b>\$ 1,358,916</b>	<b>\$ 1,429,065</b>	<b>\$ 4,313,637</b>	<b>\$ 7,778,603</b>

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, 2008

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Reconciliation of the change in fund balances - total governmental funds  
to the change in net assets of governmental activities:

Net change in fund balances - total governmental funds \$ 1,123,683

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

Governmental funds report capital outlays as expenditures while governmental  
activities report depreciation expense to allocate those expenditures over  
the life of the assets:

Capital asset purchases capitalized	350,871
Depreciation expense	(680,641)
Capital asset dispositions	(147,180)

Repayment of debt principal is an expenditure in the governmental  
funds, but the repayment reduces long-term liabilities in the  
Statement of Net Assets:

Capital lease obligation principal payments	47,180
Public Improvement Revenue Bond principal payments	<u>149,000</u>

Change in Net Assets of Governmental Activities \$ 842,913

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

Year ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 4,133,536	\$ 4,133,536	\$ 3,772,214	\$ (361,322)
Intergovernmental	3,857,562	4,106,344	3,180,896	(925,448)
Licenses and permits	299,000	299,000	279,959	(19,041)
Charges for services	637,000	1,237,000	1,552,558	315,558
Miscellaneous	-	-	372,898	372,898
<b>Total revenues</b>	<b>8,927,098</b>	<b>9,775,880</b>	<b>9,158,525</b>	<b>(617,355)</b>
<b>Expenditures</b>				
Current operating:				
General government	3,559,500	3,616,809	3,466,392	150,417
Public safety	1,484,424	1,484,424	1,433,874	50,550
Physical environment	511,987	511,987	201,338	310,649
Human services	369,378	369,378	364,620	4,758
Culture and recreation	561,783	561,783	472,809	88,974
Agriculture	279,136	279,136	260,095	19,041
Court related	80,895	80,895	60,224	20,671
Capital outlay	729,765	729,765	151,673	578,092
<b>Total expenditures</b>	<b>7,576,868</b>	<b>7,634,177</b>	<b>6,411,025</b>	<b>1,223,152</b>
Excess of revenues over (under) expenditures	1,350,230	2,141,703	2,747,500	605,797
<b>Other financing sources (uses)</b>				
Operating transfers in	732,551	732,551	732,551	-
Operating transfers out	(2,856,140)	(3,303,150)	(3,303,150)	-
<b>Total other financing sources (uses)</b>	<b>(2,123,589)</b>	<b>(2,570,599)</b>	<b>(2,570,599)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(773,359)</b>	<b>(428,896)</b>	<b>176,901</b>	<b>605,797</b>
<b>Fund balance - beginning</b>	<b>500,084</b>	<b>500,084</b>	<b>500,084</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ (273,275)</b>	<b>\$ 71,188</b>	<b>\$ 676,985</b>	<b>\$ 605,797</b>

See accompanying notes to financial statements.

**Jefferson County, Florida**  
**Fine and Forfeiture Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**

Year ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 1,023,511	\$ 1,023,511	\$ 944,934	\$ (78,577)
Intergovernmental	145,065	145,065	100,846	(44,219)
Charges for services	10,000	10,000	14,860	4,860
Fines and costs	132,500	132,500	186,928	54,428
Miscellaneous	-	-	22,062	22,062
<b>Total revenues</b>	<b>1,311,076</b>	<b>1,311,076</b>	<b>1,269,630</b>	<b>(41,446)</b>
<b>Expenditures</b>				
Current operating:				
Public safety	3,419,140	3,419,140	3,259,077	160,063
Capital outlay	113,300	113,300	245,507	(132,207)
<b>Total expenditures</b>	<b>3,532,440</b>	<b>3,532,440</b>	<b>3,504,584</b>	<b>27,856</b>
Excess of revenues over (under) expenditures	(2,221,364)	(2,221,364)	(2,234,954)	(13,590)
<b>Other financing sources (uses)</b>				
Operating transfers in	2,286,918	2,286,918	2,286,918	-
Operating transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>2,286,918</b>	<b>2,286,918</b>	<b>2,286,918</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>65,554</b>	<b>65,554</b>	<b>51,964</b>	<b>(13,590)</b>
<b>Fund balance - beginning</b>	<b>1,306,952</b>	<b>1,306,952</b>	<b>1,306,952</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 1,372,506</b>	<b>\$ 1,372,506</b>	<b>\$ 1,358,916</b>	<b>\$ (13,590)</b>

See accompanying notes to financial statements.

**Jefferson County, Florida**  
**Sales Tax Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual**

Year ended September 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 771,106	\$ 771,106	\$ 722,383	\$ (48,723)
Total revenues	771,106	771,106	722,383	(48,723)
<b>Expenditures</b>	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	771,106	771,106	722,383	(48,723)
<b>Other financing sources (uses)</b>				
Operating transfers out	(732,551)	(732,551)	(732,551)	-
Total other financing sources (uses)	(732,551)	(732,551)	(732,551)	-
<b>Net change in fund balance</b>	38,555	38,555	(10,168)	(48,723)
<b>Fund balance - beginning</b>	1,439,233	1,439,233	1,439,233	-
<b>Fund balance - ending</b>	\$ 1,477,788	\$ 1,477,788	\$ 1,429,065	\$ (48,723)

See accompanying notes to financial statements.

**Jefferson County, Florida**  
**Statement of Fiduciary Net Assets**

**September 30, 2008**

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	<b>Agency Funds</b>
<b>Assets</b>	
Cash	\$ 1,533,739
<b>Total assets</b>	<b>\$ 1,533,739</b>
<b>Liabilities</b>	
Due to other agencies	\$ 1,531,718
Deposits held in escrow	2,021
<b>Total liabilities</b>	<b>\$ 1,533,739</b>

See accompanying notes to financial statements

# Jefferson County, Florida

## Notes to Financial Statements

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### 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 11,000 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.

The County may be financially accountable if an organization is fiscally dependent on the County regardless of whether the organization has (a) a separately elected governing board, (b) a governing board appointed by a higher level of government, or (c) a jointly appointed board. Based on these criteria, County management examined all organizations which are legally separate in order to determine which organizations, if any, should be included in the County's financial statements. Management determined that the Jefferson County Recreation Board and the Library Board are not considered part of the reporting entity of the Board of County Commissioners (BCC) because the BCC exercises no oversight responsibility and has no accountability for fiscal matters of those entities.

# Jefferson County, Florida

## Notes to Financial Statements

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Basis of Presentation**

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the activities of the County. The effect of interfund activity has been removed from these statements. 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. 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.

**Fine and Forfeiture Fund** - Fine and Forfeiture Fund is a special revenue fund utilized to account for fines, forfeitures and specific ad valorem taxes levied within this fund. Resources in this fund are restricted to use for law enforcement.

**Sales Tax Fund** - Sales Tax Fund is a special revenue fund utilized to account for the Local Option Sales Tax collections and the use of such funds.



# Jefferson County, Florida

## Notes to Financial Statements

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

#### Budgetary Control

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.

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.

# Jefferson County, Florida

## Notes to Financial Statements

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessment are also designed to assure a consistent property valuation method statewide. State statutes permit counties to levy property taxes at a rate of up to 10 mills. The tax levy of Jefferson County is established by the County Commission prior to October 1 of each year. The 2007 millage rate assessed by the County was 10 mills.

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

All taxes are due and 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. The 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.

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.

#### **Cash and Investments**

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.

#### **Receivables and Payables**

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.

# Jefferson County, Florida

## Notes to Financial Statements

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Restricted Assets

Certain net assets of the County are classified as restricted assets on the statement of net assets 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 assets and then from unrestricted net assets.

#### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, right-of-ways, and similar items), are reported in the governmental activities column on the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$750 or more and an estimated useful life in excess of one year. Except for roads and bridges, assets are recorded at historical cost. Roads and bridges are reported at estimated historical cost. 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 an asset or materially extend its useful life are not capitalized.

The Board of County Commissioners holds legal title to the capital assets used in the operations of the Board, Clerk of the Circuit Court, Property Appraiser, Supervisor of Elections and Tax Collector, and is accountable for them under Florida Law.

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 assets.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-40
Machinery and equipment	3-10
Road and bridge infrastructure	20-40

#### Capitalization of Interest

Interest costs related to bond issues and other financing arrangements are capitalized during the construction period. These costs are netted against applicable interest earnings on construction fund investments. The County did not have any capitalized interest during the current period.

#### Compensated Absences

Employees of the Board of County Commissioners are granted ten days per year of annual leave. Annual leave may not be accumulated over ten days. Upon termination of employment, the employee can receive a cash benefit based upon the employee's current wage rate and the annual leave not taken. Sick leave is granted at the same rate as annual leave with a thirty day maximum accumulation.

# Jefferson County, Florida

## Notes to Financial Statements

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Employees who have ten years of service or longer can receive a cash benefit of 25% of accumulated sick leave upon termination. The Board does not accrue a liability for annual/sick leave cash benefits because the amount cannot be reasonably estimated and it will not be liquidated with current resources.

#### **Prior Period Adjustment**

Net assets at the beginning of the year were adjusted by \$1,561,505 to record the landfill closure and post-closure costs as of October 1, 2007.

### **NOTE 2 - CASH AND INVESTMENTS**

All bank accounts of the County are placed in banks that qualify as a public depository, as required by law (Florida Security for Public Deposits Act, Chapter 280, Florida Statutes).

Chapter 280 of the Florida Statutes provides that qualified public depositories must maintain eligible collateral having a market value equal to 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held by the depository during the twelve months immediately preceding the date of any computation of the balance. As such, the depository is not required to hold collateral in the county agency's name, nor specify which collateral is held for the county agency's benefit. The Public Deposit Security Trust Fund, as created under the laws of the State of Florida, would be required to pay the county agency for any deposits not covered by depository insurance or collateral pledged by the depository, as previously described. All deposits with financial institutions were 100% insured by federal depository insurance or by collateral provided by qualified public depositories to the State Treasurer pursuant to the Public Depository Security Act of the State of Florida. The Act established a Trust Fund, maintained by the State Treasurer, which is a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a member fails.

The County's carrying amount of cash deposits was \$7,834,016 and the bank balances were \$7,807,893 September 30, 2008. These balances are considered to be 100% insured for risk disclosure purposes.

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 Government Surplus Funds Investment Pool. At September 30, 2008, the market value and the carrying value of these funds was \$437,884. The funds are carried as a cash equivalent on the balance sheet at September 30, 2008 and are included in the carrying value and bank balances reflected above in this note.

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

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.

INTEREST RATE RISK

At September 30, 2008, the County did not hold any investments that were considered to have an interest rate risk.

CUSTODIAL CREDIT RISK

At September 30, 2008, the County did not hold any investments that were considered to have a custodial credit risk.

CONCENTRATION OF CREDIT RISK

At September 30, 2008, the County did not hold any investments that were considered to have a concentration of credit risk.

**NOTE 3 - ACCOUNTS RECEIVABLE**

Accounts receivable are ambulance receivables and are presented without the normal allowance for estimated uncollectible accounts because all accounts over two years old have been removed from the books by specific action of the Board of County Commissioners. Accordingly, the balance presented is considered to be fully collectible as of September 30, 2008, and no further allowance is considered necessary. Bad debt expense for the year was \$242,811.

**NOTE 4 - INVENTORY OF SUPPLIES**

Inventories of supplies 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.

**Jefferson County, Florida**  
**Notes to Financial Statements**

**NOTE 5 - CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2008, was as follows:

	Balance at 9/30/2007	Additions	Deletions	Balance at 9/30/2008
Governmental activities:				
Land	\$ 837,327	\$ -	\$ -	\$ 837,327
Buildings & improvements	7,049,790	-	206,088	6,843,702
Equipment	7,872,599	350,871	209,225	8,014,245
Infrastructure	26,040,640	-	-	26,040,640
<b>Totals at historical cost</b>	<b>41,800,356</b>	<b>350,871</b>	<b>415,313</b>	<b>41,735,914</b>
Less accumulated depreciation:				
Buildings & improvements	(2,284,013)	172,486	62,685	(2,393,814)
Equipment	(6,303,026)	508,154	205,448	(6,605,732)
Infrastructure	(26,040,640)	-	-	(26,040,640)
<b>Total accumulated depreciation</b>	<b>(34,627,679)</b>	<b>680,640</b>	<b>268,133</b>	<b>(35,040,186)</b>
Governmental activities:				
capital assets, net	\$ 7,172,677	\$ (329,769)	\$ 147,180	\$ 6,695,728

Depreciation expense was charged to governmental activities as follows:

General government	\$ 252,222
Transportation	123,018
Public safety	151,184
Fire safety	21,817
Physical environment	116,495
Culture & recreation	4,420
Agriculture	11,484
<b>Total depreciation expense-governmental activities</b>	<b>\$ 680,640</b>

**NOTE 6 - 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 under various installment purchase obligations bearing interest at 5.5% to 5.84% per annum. These obligations require monthly and annual installments of various amounts and expire at various dates through March, 2009.

**Jefferson County, Florida**  
**Notes to Financial Statements**

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

The County issued its \$3,440,000 Jefferson County, Florida, Public Improvement Revenue Bond, Series 1999. The bond is dated October 20, 1999 and pays interest at 4.5% annually thereafter on each September 1. Principal is payable annually on September 1, 2001 and each September 1 thereafter in amounts varying from \$110,000 in 2001 up to \$253,000 on September 1, 2020. The Bond was issued to finance the cost of the acquisition, construction and equipping of a criminal justice facility under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 125, Florida Statutes, Chapter 218, Part VI, Florida Statutes, Chapters 550 and 551, Florida Statutes, and other applicable provisions of the law, and a resolution duly adopted by the Jefferson County Board of County Commissioners on May 7, 1998, as amended and supplemented. The Bond and the interest thereon are payable solely from and secured by a lien upon and a pledge of (i) the amount of the local government half-cent sales tax distributed by the State to the Issuer, (ii) the amount of pari-mutual tax revenues distributed to the Issuer and (iii) until applied in accordance with the provisions of the Resolution, all moneys, including investments thereof, in the manner and to the extent described in the Resolution. It is expressly agreed by the Registered Holder of this Bond that the full faith and credit of the Issuer are not pledged to the payment of the principal of, premium, if any, and interest on this Bond and that such Holder shall never have the right to require or compel the exercise of any taxing power of the Issuer to the payment of such principal, premium, if any, and interest. This Bond and the obligation evidenced thereby shall not constitute a lien upon any property of the Issuer, but shall constitute a lien only on, and shall be payable solely from, the Pledged Funds.

The changes in general long-term debt for the year ended September 30, 2008 follows:

	<b>Balance</b>			<b>Balance</b>	<b>Due Within</b>
	<b>9/30/2007</b>	<b>Additions</b>	<b>Reductions</b>	<b>9/30/2008</b>	<b>One Year</b>
Installment obligations	\$ 73,949	\$ -	\$ 47,180	\$ 26,769	\$ 26,769
Revenue bond	2,560,000	-	149,000	2,411,000	156,000
Landfill closure and post closure costs	1,632,236		70,731	1,561,505	111,536
	<u>\$ 4,266,185</u>	<u>\$ -</u>	<u>\$ 266,911</u>	<u>\$ 3,999,274</u>	<u>\$ 294,305</u>

**Jefferson County, Florida**  
**Notes to Financial Statements**

**NOTE 6 - LONG-TERM DEBT (CONTINUED)**

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2008 are as follows:

Year ended September 30:	Governmental Activities			
	Installment Obligations		Revenue Bonds	
	Principal	Interest	Principal	Interest
2009	\$ 13,005	\$ 1,563	\$ 156,000	\$ 108,495
2010	13,764	804	163,000	101,475
2011	-	-	170,000	94,140
2012	-	-	178,000	86,490
2013	-	-	186,000	78,480
2014-2018	-	-	1,063,000	259,155
2019-2020	-	-	495,000	33,660
<b>Totals</b>	<b>\$ 26,769</b>	<b>\$ 2,367</b>	<b>\$ 2,411,000</b>	<b>\$ 761,895</b>

**NOTE 7 - 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 statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Operating transfers during the year ended September 30, 2008 were as follows:

Fund	Transfers In	Transfers Out	Purpose
General Fund:			
Sales Tax Fund	\$ 732,551	\$ -	(1)
Fine and Forfeiture Fund	-	2,286,918	(1)
Nonmajor Funds	-	1,016,232	(1) (2)
<b>Total General Fund</b>	<b>732,551</b>	<b>3,303,150</b>	
Sales Tax Fund:			
General Fund	-	732,551	(1)
Fine and Forfeiture Fund:			
General Fund	2,286,918	-	(1)
Nonmajor Funds			
General Fund	1,016,232	-	(1) (2)
Nonmajor Funds	27,593	27,593	(1)
<b>Total Nonmajor Funds</b>	<b>1,043,825</b>	<b>27,593</b>	
<b>Total all funds</b>	<b>\$ 4,063,294</b>	<b>\$ 4,063,294</b>	



**Jefferson County, Florida**  
**Notes to Financial Statements**

**NOTE 7 - INTERFUND TRANSACTIONS AND BALANCES (CONTINUED)**

The purpose of all transfers is indicated by corresponding number below:

- (1) To cover budget deficit expected in original or amended budget.
- (2) To fund debt service.

The purpose of individual fund interfund receivable and payable balances at September 30, 2008 was for pooling of cash balances and loans to other funds. None of the balances are expected to be repaid within the next year.

	<b>Interfund Receivables</b>	<b>Interfund Payables</b>
General Fund	\$ -	\$ 4,914,010
County Transportation Trust Fund	-	320,516
Grants Fund	401,510	-
Fine & Forfeiture Fund	916,509	-
Capital Projects Fund	99,891	-
Sales Tax Fund	1,350,137	-
Fire Assessment Fund	758,095	-
Landfill Fund	871,997	-
Emergency Communications Fund	899,868	-
Debt Service Fund	-	63,481
<b>Total all funds</b>	<b>5,298,007</b>	<b>5,298,007</b>

**NOTE 8 - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

Generally accepted accounting principles require disclosure of certain information concerning individual funds including:

- (1) Deficit fund balances of individual funds. There were no individual funds that had a deficit fund balance at September 30, 2008.
- (2) Excesses of expenditures over appropriations in individual funds. During the 2007-2008 fiscal year, there were no funds with excesses of expenditures over appropriations.

**NOTE 9 - CONTINGENCIES**

The County has potential exposure in connection with various claims that are filed or are expected to be filed regarding land use zoning matters. The County is adequately insured against all known claims and the risk of any significant exposure is minimal in the opinion of the County Attorney.

## Jefferson County, Florida

### Notes to Financial Statements

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#### **NOTE 10 - CONSTRUCTION COMMITMENTS**

The Board of County Commissioners approved \$3,600,000 of Jefferson County Road Bonds issued through the Division of Bond Finance of the State Board of Administration in 1992. These funds are to be used to pave specific roads in the County. The County has spent all of these funds on road construction and improvements to date.

#### **NOTE 11 - RETIREMENT PROGRAM**

All regular employees of the County are covered by State-administered, cost-sharing multiple-employer public employee defined benefit retirement plans. Participating employers include all State departments, counties, district school boards, and community colleges. Many municipalities and special districts have elected to be participating employers. Employees who earn benefit credits while employed by one participating employer may transfer the credits to any other participating employer. Essentially all regular employees of participating employers are eligible and must enroll as members of the Florida Retirement System. Generally, a member's retirement pension benefit vests after 6 years of service. Generally, members are eligible for normal retirement benefits at age 62 with 6 years of service or at any age after 30 years of service which may include up to 4 years of credit for military service. For normal retirement, benefit payments are based on the member's best 5-year average annual salary (average final compensation) times the number of years of service, multiplied by a percentage ranging from 1.60 percent at either age 62 or with 30 years of service to 1.68 percent at age 65 or with 33 years of service. Members may individually elect to receive decreased monthly benefits during their lifetime in order to provide survivor benefits to a spouse or dependent. Members are eligible for early retirement after 6 years of service but before age 62; however, normal benefits are reduced by 5 percent for each year a member retires before age 62. The Florida Retirement System provides benefits in addition to the retirement pension described previously. Benefits include post-retirement payments for health-care insurance, cost-of-living supplements and, for certain retirees, a supplement to cover social security benefits lost by virtue of retirement system membership. Members are eligible for in-line-of-duty disability benefits from their first day of employment and for regular (not in-line-of-duty) disability benefits after 10 years of service. Disability benefit payments are calculated in the same manner as retirement benefits, except that disability benefits are not less than 42 percent of the member's average final compensation for disability incurred in the line of duty and not less than 25 percent of average final compensation for regular disability. Survivors of members who die in the line of duty are entitled to a monthly benefit equal to one-half the member's monthly salary at death. Survivors of members whose death is other than in the line of duty may elect to either receive benefits as if the member had retired on the date of death and had opted to provide survivor benefits or defer benefits to a later date and receive payments as if the member had retired at that later date. Benefits described above are in summary form and, accordingly, not all conditions, limitations, and restrictions are mentioned. Benefit provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code, where benefits are defined and described in detail.

**Jefferson County, Florida**  
**Notes to Financial Statements**

**NOTE 11 - RETIREMENT PROGRAM (CONTINUED)**

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

	<b>10/1/2007 Through 9/30/2008</b>
Regular employees	9.85%
Elected County Officials	16.53%
Special risk employees	20.92%
DROP plan participants	10.91%
Optional retirement plan	10.43%

Contribution rates equal actuarial determined rates. For the period October 1, 2007 through September 30, 2008, the total payroll for all employees and the retirement contributions for all employees covered by the System were as follows:

	<b>Payroll Expense</b>	<b>Retirement Contributions</b>
Board of County Commissioners	\$ 2,378,288	\$ 298,824
Clerk of the Circuit Court	483,867	52,607
Sheriff	1,794,291	307,295
Property Appraiser	237,322	29,623
Tax Collector	276,096	27,671
Supervisor of Elections	106,655	15,662
Total	\$ 5,276,519	\$ 731,682

These retirement contributions represent 14.94% of covered payroll.

**NOTE 12 - 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 is expected to be \$111,536 per year for the next 14 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, 2008, was \$126,513.

**Jefferson County, Florida**  
**Notes to Financial Statements**

**NOTE 12 - LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS (CONTINUED)**

The County has adopted GASB Statement No. 18, which requires recognition of landfill post-closure care costs in long-term debt. State and federal laws and regulations require the County to perform certain maintenance and monitoring functions after closure. At September 30, 2008, the amount of \$1,561,505 in long-term debt recognizes the remaining fourteen years of the long-term care period. The above estimate is based on current prices, actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**NOTE 13 - ROAD BONDS ADMINISTERED BY THE STATE OF FLORIDA**

On September 9, 1992, the State of Florida issued \$3,600,000 of State of Florida, Full Faith and Credit, Jefferson County Road Bonds, Series 1992 through the Division of Bond Finance of the State Board of Administration. The bonds, dated September 1, 1992, are full faith and credit obligations of the State of Florida.

The bonds are payable primarily from and are secured by the Pledged Constitutional Gasoline Tax Funds accruing to Jefferson County, Florida. The Pledged Constitutional Gasoline Tax Funds consist of the 80% and 20% portions of the surplus constitutional gasoline tax funds accruing each year to Jefferson County under the provisions of Section 9(c) of Article XII of the Constitution of Florida. No other local revenues or the general credit of Jefferson County, Florida is pledged on this bond issue.

The State Board of Administration is responsible for collecting the pledged gasoline tax revenues, providing debt service for the bond issue, maintaining debt service funds and accounts for this bond issue. These bonds and the related debt service activities have been deemed to not be liabilities of Jefferson County for the before mentioned reasons. The pledged gasoline tax revenues are accounted for in the debt service fund of the County.

The County had an arbitrage rebate liability of \$-0- as of September 30, 2008.

Information regarding the bond issue is as follows:

Amount of Issue:		\$	3,600,000
Date of Issue:			September 1, 1992
Maturity dates:	May 1, 2009	\$	240,000
	May 1, 2010		255,000
	May 1, 2011		270,000
	May 1, 2012		285,000
	Total	\$	1,050,000

**Jefferson County, Florida**  
**Notes to Financial Statements**

**NOTE 14 - RESERVED FUND BALANCES**

The nature and purpose of the reserved fund balances presented are as follows:

Special Revenue Funds:

County Transportation Trust Fund	\$	380,985
Reserve for inventory of supplies		120,505
Landfill Fund		875,778
Law enforcement		1,358,916
Fire Assessment Fund		765,836
Emergency Communications Fund		912,247
SHIP Trust Fund		257,320
Grants Fund		660,281
Total special revenue funds	\$	5,331,868

General Fund - tourist development, impact fees and landfill escrow	\$	310,315
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Capital Projects Fund - Reserve for road construction	\$	111,485
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Debt Service Fund - Reserve for debt service	\$	229,200
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**NOTE 15 - 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.

## **Supplemental Information**

**Jefferson County, Florida**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**

September 30, 2008

	Special Revenue					
	County Transportation Trust Fund	Grants Fund	SHIP Trust Fund	Capital Projects	Fire Assessment	Landfill
<b>ASSETS</b>						
Cash	\$ 568,834	\$ 413,609	\$ 257,320	\$ 11,594	\$ -	\$ 1,903
Accrued interest receivable	3	-	-	-	-	-
Due from other governments	147,596	-	-	-	11,165	53,749
Due from other funds	-	401,510	-	99,891	758,095	871,997
Inventories	120,505	-	-	-	-	-
<b>Total assets</b>	<b>\$ 836,938</b>	<b>\$ 815,119</b>	<b>\$ 257,320</b>	<b>\$ 111,485</b>	<b>\$ 769,260</b>	<b>\$ 927,649</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 14,932	\$ -	\$ -	\$ -	\$ 3,424	\$ 51,871
Loan from other fund	-	154,838	-	-	-	-
Due to other funds	320,516	-	-	-	-	-
<b>Total liabilities</b>	<b>335,448</b>	<b>154,838</b>	<b>-</b>	<b>-</b>	<b>3,424</b>	<b>51,871</b>
<b>FUND BALANCES</b>						
Unreserved:						
Designated:	380,985	-	-	111,485	-	-
Inventories	120,505	-	-	-	-	-
Fire safety	-	-	-	-	765,836	-
Solid waste	-	-	-	-	-	875,778
Grants	-	660,281	257,320	-	-	-
Emergency communications	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
<b>Total fund balances</b>	<b>501,490</b>	<b>660,281</b>	<b>257,320</b>	<b>111,485</b>	<b>765,836</b>	<b>875,778</b>
<b>Total liabilities and fund balances</b>	<b>\$ 836,938</b>	<b>\$ 815,119</b>	<b>\$ 257,320</b>	<b>\$ 111,485</b>	<b>\$ 769,260</b>	<b>\$ 927,649</b>

**Jefferson County, Florida**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**

September 30, 2008

	<u>Special Revenue</u>		Total
	E-911 Fund	Debt Service	Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash	\$ -	\$ 292,681	\$ 1,545,941
Accrued interest receivable	-	-	3
Due from other governments	12,379	-	224,889
Due from other funds	899,868	-	3,031,361
Inventories	-	-	120,505
<b>Total assets</b>	<b>\$ 912,247</b>	<b>\$ 292,681</b>	<b>\$ 4,922,699</b>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ 70,227
Loan from other fund	-	-	154,838
Due to other funds	-	63,481	383,997
<b>Total liabilities</b>	<b>-</b>	<b>63,481</b>	<b>609,062</b>
<b>FUND BALANCES</b>			
Unreserved:			
Designated:	-	-	492,470
Inventories	-	-	120,505
Fire safety	-	-	765,836
Solid waste	-	-	875,778
Grants	-	-	917,601
Emergency communications	912,247	-	912,247
Debt service	-	229,200	229,200
<b>Total fund balances</b>	<b>912,247</b>	<b>229,200</b>	<b>4,313,637</b>
<b>Total liabilities and fund balances</b>	<b>\$ 912,247</b>	<b>\$ 292,681</b>	<b>\$ 4,922,699</b>



**Jefferson County, Florida**

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

For the year ended September 30, 2008

	Special Revenue					
	County Transportation Trust Fund	Grants Fund	SHIP Trust Fund	Capital Projects	Fire Assessment	Landfill
<b>REVENUES</b>						
Taxes	\$ 1,651,351	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	807,997	471,841	-	1,954	256,237
Miscellaneous	27,203	96	133	58	624,729	1,580,939
<b>Total revenues</b>	<b>1,678,554</b>	<b>808,093</b>	<b>471,974</b>	<b>58</b>	<b>626,683</b>	<b>1,837,176</b>
<b>EXPENDITURES</b>						
Current:						
Fire safety	-	-	-	-	462,247	-
Transportation	1,510,440	-	-	466,165	-	-
Public safety	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	1,430,816
Economic development	-	641,182	700,484	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest & other	-	-	-	-	-	-
Capital outlay	78,298	-	-	-	47,241	35,376
<b>Total expenditures</b>	<b>1,588,738</b>	<b>641,182</b>	<b>700,484</b>	<b>466,165</b>	<b>509,488</b>	<b>1,466,192</b>
Excess (deficiency) of revenues over expenditures	89,816	166,911	(228,510)	(466,107)	117,195	370,984
<b>OTHER FINANCING SOURCES AND (USES)</b>						
Transfers in	269,261	8,496	-	466,107	1,011	-
Transfers (out)	-	-	-	-	-	-
<b>Total other financing Sources and (Uses)</b>	<b>269,261</b>	<b>8,496</b>	<b>-</b>	<b>466,107</b>	<b>1,011</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>359,077</b>	<b>175,407</b>	<b>(228,510)</b>	<b>-</b>	<b>118,206</b>	<b>370,984</b>
<b>Beginning fund balances</b>	<b>142,413</b>	<b>484,874</b>	<b>485,830</b>	<b>111,485</b>	<b>647,630</b>	<b>504,794</b>
<b>Ending fund balances</b>	<b>\$ 501,490</b>	<b>\$ 660,281</b>	<b>\$ 257,320</b>	<b>\$ 111,485</b>	<b>\$ 765,836</b>	<b>\$ 875,778</b>

**Jefferson County, Florida**

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

For the year ended September 30, 2008

	<u>Special Revenue</u>		<u>Total</u>
	<u>E-911 Fund</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>
<b>REVENUES</b>			
Taxes	\$ -	\$ 284,407	\$ 1,935,758
Intergovernmental	179,798	-	1,717,827
Miscellaneous	-	8,983	2,242,141
<b>Total revenues</b>	<b>179,798</b>	<b>293,390</b>	<b>5,895,726</b>
<b>EXPENDITURES</b>			
Current:			
Fire safety	-	-	462,247
Transportation	-	-	1,976,605
Public safety	69,968	-	69,968
Health and sanitation	-	-	1,430,816
Economic development	-	-	1,341,666
Debt Service:			
Principal	-	374,000	374,000
Interest & other	-	190,755	190,755
Capital outlay	-	-	160,915
<b>Total expenditures</b>	<b>69,968</b>	<b>564,755</b>	<b>6,006,972</b>
Excess (deficiency) of revenues over expenditures	109,830	(271,365)	(111,246)
<b>OTHER FINANCING SOURCES AND (USES)</b>			
Transfers in	-	298,950	1,043,825
Transfers (out)	-	(27,593)	(27,593)
<b>Total other financing Sources and (Uses)</b>	<b>-</b>	<b>271,357</b>	<b>1,016,232</b>
<b>Net change in fund balances</b>	<b>109,830</b>	<b>(8)</b>	<b>904,986</b>
<b>Beginning fund balances</b>	<b>802,417</b>	<b>229,208</b>	<b>3,408,651</b>
<b>Ending fund balances</b>	<b>\$ 912,247</b>	<b>\$ 229,200</b>	<b>\$ 4,313,637</b>

**Jefferson County, Florida**  
**Combining Statement of Fiduciary Net Assets**  
**Agency Funds**

September 30, 2008

	Clerk of the Circuit Court	Tax Collector	Sheriff	Supervisor of Elections	Totals
<b>Assets</b>					
Cash	\$ 457,292	\$ 927,776	\$ 146,650	\$ 2,021	\$ 1,533,739
<b>Total assets</b>	<b>\$ 457,292</b>	<b>\$ 927,776</b>	<b>\$ 146,650</b>	<b>\$ 2,021</b>	<b>\$ 1,533,739</b>
<b>Liabilities</b>					
Due to other agencies	\$ 457,292	\$ 927,776	\$ 146,650	\$ -	\$ 1,531,718
Deposits held in escrow	-	-	-	2,021	2,021
<b>Total liabilities</b>	<b>\$ 457,292</b>	<b>\$ 927,776</b>	<b>\$ 146,650</b>	<b>\$ 2,021</b>	<b>\$ 1,533,739</b>

**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 Members of the  
Board of County Commissioners  
Jefferson County, Florida

We have audited the combined financial statements of governmental activities, each major fund, and the aggregate remaining fund information of Jefferson County, Florida (the "County"), as of and for the year ended September 30, 2008, and have issued our report thereon dated February 26, 2009. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider deficiencies numbered 2008-1 and 2008-2 described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting:

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

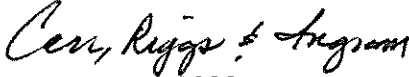
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We do not consider the findings mentioned above to be material weaknesses in internal control over financial reporting.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Board'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*.

The County's response to the findings identified in this report is described in the accompanying letter. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Jefferson County, Florida Board of County Commissioners, management, and specific legislative or regulatory bodies, and is not intended to be and should not be used by anyone other than these specified parties.

  
February 26, 2009



Honorable Members of the  
Board of County Commissioners  
Jefferson County, Florida

**INDEPENDENT AUDITORS'  
MANAGEMENT LETTER COMMENTS**

We have audited the basic financial statements of the County of Jefferson, Florida, as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated February 26, 2009.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's 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*, Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and State Project and on Internal Control over Compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, and Schedule of Findings and Questioned Costs. Disclosures in those reports, which are dated February 26, 2009, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554 (1)(i)1.) require that we address whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial not otherwise addressed in the auditor's report pursuant to Rule 10.557(3)(b)2. There were no recommendations made in the preceding annual financial audit report.

As required by the Rules of the Auditor General (Section 10.554(1)(i)2.), the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Jefferson County, Florida Board of County Commissioners complied with Section 218.415, Florida Statutes

The Rules of the Auditor General (Section 10.554(1)(i)3.) require that we address in the management letter any findings and recommendations to improve financial management. In connection with our audit, we did not have any such findings.

The Rules of the Auditor General (Section 10.554(1)(i)4.) require disclosure in the management letter of the following matters: Violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. Our audit revealed no matters of the above items that were required to be disclosed.

As required by the Rules of the Auditor General (Section 10.554(1)(i)5.) for matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors, the following may be reported based on professional judgment: a. Violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred. b. Control deficiencies that are not significant deficiencies, including, but not limited to: 1) Improper or inadequate accounting procedures (e.g. the omission of required disclosures from the annual financial statements). 2) Failures to properly record financial transactions. 3) Inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit revealed no matters of the above items that were required to be disclosed.

Rules of the Auditor General (Section 10.554(1)(i)6.) require disclosure of the name or official title and legal authority for the primary government and each component unit of the reporting entity as defined in publications cited in Rule 10.553, unless disclosed in the notes to the financial statements. The County was established by the Constitution of the State of Florida, Article VIII, Section 1(e). There are no component units of the County.

Rules of the Auditor General (Section 10.554(1)(i)7.) require a statement as to whether or not the local governmental entity has met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that Jefferson County, Florida did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(i)7.b), we determined that the annual financial report for the Jefferson County, Florida Board of County Commissioners for the fiscal year ended September 30, 2008 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, 2008.

As required by the Rules of the Auditor General (Sections 10.554(i)7.c.) and 10.556(7), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity'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. Our assessment did not disclose any deteriorating financial conditions as of the fiscal year ended September 30, 2008.

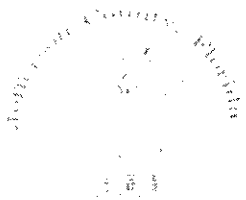
Honorable Members of the  
Board of County Commissioners  
Jefferson County, Florida  
Page 3

This management letter is intended solely for the information of the Board of County Commissioners of Jefferson County, Florida, its management, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

*Carri Riggs & Ingram*

February 26, 2009





**BOARD OF COUNTY COMMISSIONERS  
JEFFERSON COUNTY, FLORIDA**

**THE KEYSTONE COUNTY-ESTABLISHED 1827**  
1 COURTHOUSE CIRCLE, ROOM 101 MONTICELLO, FLORIDA 32114  
VOICE: (850) 342-0218 FAX: (850) 342-0222

Stephen G. Fulford  
District 1

Eugene C. Hall  
District 2

Hines F. Boyd  
District 3

Felix "Skeet" Joyner  
District 4

Danny Monroe, III  
District 5

March 5, 2009

Mr. David W. Martin, CPA  
Auditor General, State of Florida  
111 West Madison Street  
Tallahassee, Florida 32399

Dear Mr. Martin:

This is in reply to our auditor's findings and recommendations contained in our audit report for the year ended September 30, 2008. I agree with the findings and recommendations, however, the cost of hiring additional personnel to have adequate segregation of duties and to have the expertise to properly prepare financial statements annually would be prohibitive to the County.

Accordingly, we will continue to utilize the expertise of Carr, Riggs & Ingram to prepare our annual financial statements. We also will continue to follow our procedures for reviewing invoices and reviewing bank statements on a regular basis by the Clerk of the Circuit Court. When adequate resources become available the Board will consider hiring additional personnel to properly segregate duties.

Very Truly Yours,  
Board of County Commissioners

\_\_\_\_\_  
Mr. Eugene C. Hall  
Chairman

Kirk Reams  
Clerk of Courts

Roy M. Schleicher  
County Coordinator

T. Buckingham Bird  
County Attorney

The County of Jefferson, Florida  
**SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE**  
 For the year ended September 30, 2008

Federal Grantor/Pass-through Grantor	Program Title	Federal/State CFDA/CSFA Number	Pass-through Entity Identifying Number	Receipts	Expenditures
<b><u>U.S. DEPARTMENT OF HUD</u></b>					
<u>Direct Programs:</u>					
<u>Passed through State:</u>					
Fl. Housing Finance Corporation	Section 8 Housing Choice Vouchers	14 871	N/A	\$ 711,254	\$ 639,357
	Home Investment Partnership Prog.	14.239	HA-04-745	96,733	96,733
				<u>\$ 807,987</u>	<u>\$ 736,090</u>
<b>TOTAL U.S. DEPARTMENT OF HUD</b>					
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>					
<u>Passed through State:</u>					
Department of Agriculture	Volunteer Fire Assistance	10.664	2008	\$ 1,954	\$ 1,954
				<u>\$ 1,954</u>	<u>\$ 1,954</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>					
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>					
<u>Passed through State:</u>					
Department of Revenue	Child Support Enforcement	93.563	CC333	\$ 54,623	\$ 54,623
				<u>\$ 54,623</u>	<u>\$ 54,623</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>					
<u>Passed through State:</u>					
Department of Community Affairs	Emergency Management Perf. Grant	97.042	07-BG-04-02-43-01-352	\$ 23,405	\$ 23,405
				<u>\$ 23,405</u>	<u>\$ 23,405</u>
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>					

The County of Jefferson, Florida  
**SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE**  
 For the year ended September 30, 2008

Federal Grantor/Pass-through Grantor	Program Title	Federal/State CFDA/CSFA Number	Pass-through Entity Identifying Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF JUSTICE</u> Passed through State: Department of Law Enforcement	Byrne Formula Grant	16.738	2008-JAGC-JEFF-1-Q9-083	\$ 100,846	\$ 100,846
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>				<u>\$ 100,846</u>	<u>\$ 100,846</u>
<b>TOTAL FEDERAL ASSISTANCE</b>				<u>\$ 988,815</u>	<u>\$ 916,918</u>
<u>STATE ASSISTANCE:</u>					
<u>Florida Department of Environmental Protection</u>					
	Small Counties Grant	37.012	SC819	\$ 277,316	\$ 277,316
	Florida Recreation Development Assistance Program	37.017	A08038	199,424	199,424
	Cooperative Collection Center Grant	37.007	S0353	<u>30,000</u>	<u>30,000</u>
<b>Total Florida Department of Environmental Protection</b>				<u>\$ 506,740</u>	<u>\$ 506,740</u>
<u>Florida Department of State</u>					
	State Aid to Libraries	45.030	08-ST-93	\$ 131,662	\$ 131,662
<b>Total Florida Department of State</b>				<u>\$ 131,662</u>	<u>\$ 131,662</u>

The County of Jefferson, Florida  
**SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE**  
 For the year ended September 30, 2008

<u>Federal Grantor/Pass-through Grantor</u>	<u>Program Title</u>	<u>Federal/State CFDA/CSFA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Receipts</u>	<u>Expenditures</u>
<u>Florida Department of Community Affairs</u>	State Housing Initiatives Partnership Emergency Management Programs	52.901 52.008	SHIP 08-BG-24-02-43-01-381	\$ 471,841 102,959	\$ 700,484 102,959
<b>Total Florida Department of Community Affairs</b>				<u>\$ 574,800</u>	<u>\$ 803,443</u>
<u>Florida Department of Management Services</u>	Wireless 911 Rural County Grant Program Wireless 911 Supplemental Grant Program	72.001 72.001	N/A N/A	\$ 29,371 42,629	\$ 29,371 42,629
<b>Total Florida Department of Management Services</b>				<u>\$ 72,000</u>	<u>\$ 72,000</u>
<u>Florida Department of Health</u>	Primary Care/Diabetes Grant Emergency Medical Services	64.007 64.003	PCCG-07-0-02 C7033	\$ 103,000 12,021	\$ 103,000 12,021
<b>Total Florida Department of Health</b>				<u>\$ 115,021</u>	<u>\$ 115,021</u>
<u>Florida Department of Agriculture</u>	Mosquito Control	42.003	N/A	\$ 37,488	\$ 37,488
<b>Total Florida Department of Agriculture</b>				<u>\$ 37,488</u>	<u>\$ 37,488</u>

The County of Jefferson, Florida  
**SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE**  
 For the year ended September 30, 2008

Federal Grantor/Pass-through Grantor	Program Title	Federal/State CFDA/CSFA Number	Pass-through Entity Identifying Number	Receipts	Expenditures
<b><u>Florida Department of Transportation</u></b>					
	Small County Outreach Program	55.009	A0Z87	\$ 55,542	\$ 55,542
	Small County Road Assistance Program	55.016	A0Z72	167,152	167,152
	Small County Road Assistance Program	55.016	A0Z73	26,088	26,088
	<b>Total Florida Department of Transportation</b>			<b>\$ 248,782</b>	<b>\$ 248,782</b>
<b><u>Office of State Court Systems</u></b>					
	Small County Courthouse Facilities	22.004	2007-08	\$ 144,000	\$ 144,000
	<b>Total Office of State Court Systems</b>			<b>\$ 144,000</b>	<b>\$ 144,000</b>
	<b>TOTAL STATE ASSISTANCE</b>			<b>\$ 1,830,493</b>	<b>\$ 2,059,136</b>
	<b>TOTAL FEDERAL AND STATE ASSISTANCE</b>			<b>\$ 2,819,308</b>	<b>\$ 2,976,054</b>

Notes to Schedule:

1. The County follows the accrual basis of accounting in preparing this schedule.  
 This method is consistent with the method used in the preparation of the County's Financial statements.
2. The County did not have any non-cash awards or subrecipients during the fiscal year.

**Jefferson County, Florida**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended September 30, 2008**

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Federal Programs – None  
(2007)

State Projects – None  
(2007)

Financial Statement Findings - None  
(2007)



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR  
A-133 AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

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

Compliance

We have audited the compliance of Jefferson County, Florida, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, and the requirements described in the Department of Financial Services' State Projects Compliance Supplement, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2008. Jefferson County, Florida's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state projects is the responsibility of the management of Jefferson County, Florida. Our responsibility is to express an opinion on Jefferson County, Florida's compliance based on our audit.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133 and Chapter 10.550, Rules of the 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 federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Jefferson County, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Jefferson County, Florida's compliance with those requirements.

In our opinion, Jefferson County, Florida complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2008.

### Internal Control over Compliance

The management of Jefferson County, Florida is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs and state projects. In planning and performing our audit, we considered Jefferson County, Florida's internal control over compliance with requirements that could have a direct and material effect on a major federal programs or state projects in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 Jefferson County, Florida's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state project that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the board of county commissioners, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Tallahassee, Florida  
June 11, 2009



**Jefferson County, Florida**  
**Schedule of Findings and Questioned Costs – Federal Awards and State Financial Assistance**  
**For the Year Ended September 30, 2008**

**Section 1 – Summary of Auditors’ Results**

**Financial Statements**

Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	Yes
Noncompliance material to the financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	No
Type of auditors’ report issued on compliance for major federal program?	Unqualified
Any audit findings disclosed that are required to be reported in accordance with <i>OMB Circular A-133</i> ?	No

Identification of major federal program:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.871	Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
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Auditee qualified as low-risk auditee?	Yes
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**State Awards**

Internal control over major projects:  
Material weakness(es) identified? No  
Significant deficiency(ies) identified not considered to be material weaknesses? No  
Type of auditors' report issued on compliance for major state projects? Unqualified  
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550, *Rules of the Auditor General*? No

Identification of major state projects:

<u>CSFA Number</u>	<u>Name of State Project</u>
52.901	State Housing Initiatives Partnership Program
37.012	Small Counties Grant
37.017	Florida Recreation Development Assistance

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

**Section II – Financial Statement Findings**

**Significant Deficiency 2008-1: Segregation of Duties**

COMMENT: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate.

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 segregation of duties. Nevertheless, internal control is strengthened when incompatible duties are separated and review procedures are established and adhered to. At a minimum, we recommend the Clerk of the Circuit Court receive and review the unopened bank statements each month, indicating on the statement evidence of his review.

BOARD RESPONSE: We concur with the recommendation and will implement the suggested procedures where possible.

**Significant Deficiency 2008-2: Preparation of GAAP-based Financial Statements**

COMMENT: The Board has capable individuals providing bookkeeping services; however, no individual on staff has the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles (GAAP). Management relies on Carr, Riggs & Ingram, LLC to prepare their annual financial statements including the note disclosures.

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

BOARD RESPONSE: We concur with the recommendation.

### **Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs**

We noted no matters involving noncompliance that are required to be reported in accordance with OMB Circular A-133 or Chapter 10.550, *Rules of the Auditor General*.

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

**Special-Purpose Financial Statements**

**September 30, 2008**

**Jefferson County, Florida**  
**Clerk of the Circuit Court**  
**Table of Contents**  
**September 30, 2008**

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<b>Independent Auditors' Report</b>	1-2
<b>Special-Purpose Financial Statements</b>	
Special-Purpose Balance Sheet - Governmental Fund	3
Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	4
Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	5
Special-Purpose Statement of Fiduciary Net Assets - Agency Funds	6
Notes to Special-Purpose Financial Statements	7-12
<b>Reports</b>	
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 <i>Government Auditing Standards</i>	13-15
Independent Auditors' Management Letter	16-17
Management's Response	18



## INDEPENDENT AUDITORS' REPORT

To the Honorable Kirk B. Reams  
Clerk of the Circuit Court of Jefferson County, Florida  
Monticello, Florida

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, 2008, as listed in the table of contents. These special-purpose financial statements are the responsibility of management of the Clerk. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the Clerk's financial statements are special-purpose financial statements presenting only the financial position and results of operations of the Clerk. 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 Clerk.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and remaining fund information as well as the fiduciary fund type of the Clerk as of September 30, 2008, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Honorable Kirk B. Reams  
Clerk of the Circuit Court of Jefferson County, Florida  
Monticello, Florida

In accordance with *Government Auditing Standards* we have also issued a report dated December 15, 2008, on our consideration of the Clerk's 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* and should be read in conjunction with this report in considering the results of our audit.

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

Tallahassee, Florida  
December 15, 2008

## **Special-Purpose Financial Statements**



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

<i>September 30, 2008</i>	<b>General Fund</b>
<b>Assets</b>	
Restricted cash	\$ 109,464
Total assets	\$ 109,464
<b>Liabilities</b>	
Due to others	\$ 109,464
Total liabilities	109,464
<b>Fund balance</b>	
Unrestricted	-
Total liabilities and fund balance	\$ 109,464

See accompanying notes to financial statements.

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

<i>Year ended September 30, 2008</i>	<b>General Fund</b>
<b>Revenues</b>	
County appropriations	\$ 200,000
Fees	766,781
Total revenues	966,781
<b>Expenditures</b>	
Personal services	571,734
Operating expenses	355,621
Capital outlay	32,434
Total expenditures	959,789
Excess (deficiency) of revenues over (under) expenditures	6,992
<b>Other financing sources (uses)</b>	
Transfers out	(6,992)
Net other financing sources (uses)	(6,992)
<b>Net change in fund balance</b>	<b>-</b>
<b>Fund balance - beginning</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ -</b>

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

<i>Year ended September 30, 2008</i>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>Revenues</b>				
County appropriation	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
Fees	782,532	782,532	766,781	(15,751)
<b>Total revenues</b>	<b>982,532</b>	<b>982,532</b>	<b>966,781</b>	<b>(15,751)</b>
<b>Expenditures</b>				
Personal services	580,000	580,000	571,734	8,266
Operating expenses	359,032	359,032	355,621	3,411
Capital outlay	43,500	43,500	32,434	11,066
<b>Total expenditures</b>	<b>982,532</b>	<b>982,532</b>	<b>959,789</b>	<b>22,743</b>
Excess (deficiency) of revenues over (under) expenditures	-	-	6,992	6,992
<b>Other financing sources (uses)</b>				
Transfers out	-	-	(6,992)	(6,992)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(6,992)</b>	<b>(6,992)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to financial statements.

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

<i>September 30, 2008</i>	<b>Agency Funds</b>
<hr/>	
<b>Assets</b>	
Cash	\$ 457,292
<hr/>	
Total assets	\$ 457,292
<hr/> <hr/>	
<b>Liabilities</b>	
Due to others	\$ 457,292
<hr/>	
Total liabilities	\$ 457,292
<hr/> <hr/>	

See accompanying notes to financial statements.

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

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the presentation of these 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 Clerk of the Circuit Court (the "Clerk") 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 Clerk is responsible for the administration and operation of the Clerk's office, and the Jefferson County Clerk's financial statements do not include the financial statements of the Board or the other Constitutional Officers of Jefferson County, Florida.

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

The Clerk is a separately elected County official established pursuant to the Constitution of the State of Florida. 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 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. Any excess fees collected applicable to the CCOC are remitted to the CCOC during the fiscal year and a final submission is due by January 1st of the following year.

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

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***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 Clerk, 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 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 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**

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**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.

***Cash***

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 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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***Budgetary Requirements***

Florida Statutes, Chapter 28.35 and 218.35, details the preparation, adoption and administration of the Clerk's annual budget. The Clerk establishes an annual balanced budget for the 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 financial statements reflect all amendments approved by the Board of County Commissioners and the CCOC. The budget is prepared on a basis consistent with generally accepted accounting principles.

***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**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Risk Management and Insurance***

The Clerk participates in the various insurance coverages provided by the Board of County Commissioners for several Constitutional Officers of the County Coverage under these programs includes:

- General Liability
- Automobiles
- Money and Securities Coverage

The Clerk provides for workers' compensation coverage through the Board.

***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.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

At September 30, 2008, the carrying amount of the Clerk's cash and cash equivalents and restricted cash was \$566,757 and the bank balance was \$640,521. 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.



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

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**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

Florida Statutes authorize the Clerk to invest in certificates of deposit, repurchase agreements and the State Treasurer's Investment Pool. In addition, the statutes allow the Clerk 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, 2008, the Clerk did not hold any deposits or investments that were considered to have credit risk.

INTEREST RATE RISK

At September 30, 2008, the Clerk did not hold any investments that were considered to have interest rate risk.

CUSTODIAL CREDIT RISK

At September 30, 2008, the Clerk did not hold any deposits or investments that were considered to have custodial credit risk.

CONCENTRATION OF CREDIT RISK

At September 30, 2008, the Clerk 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 Clerk 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, 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 32399-1650, or by accessing their internet site at [www.frs.state.fl.us/frs/public/annual](http://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. Retirement coverage is employee noncontributory. The employer pays all contributions.

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

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**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 pay all contributions at rates determined each year by the legislature. The rates, as a percentage of gross earnings, are as follows:

	<b>10/1/07 Through <u>09/30/08</u></b>
Regular employees	9.85%
Senior management	13.12%
Elected county officials' class	16.53%
Special risk employees	20.92%
Drop participants	10.91%

The above rates include a 1.11% health insurance subsidy contribution. For the period October 01, 2007 through September 30, 2008, the total payroll for the Clerk employees covered by the System was \$471,054 and the retirement contributions for all employees covered by the FRS were \$52,607 which were the required contributions. These contributions represent 11.17% of covered payroll.

**NOTE 4 – 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. The Clerk returned all excess funds as required by Florida Statutes.



**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 Kirk B. Reams  
Clerk of the Circuit Court of Jefferson County, Florida  
Monticello, Florida

We have audited the 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, 2008, and have issued our report thereon dated December 15, 2008. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Clerk's internal control over financial reporting as a basis for designing our auditing procedures 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 Clerks internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Clerks ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Clerk's financial statements that is more than inconsequential will not be prevented or detected by the Clerk's internal control. We consider the following deficiencies to be significant deficiencies in internal control over financial reporting:

To the Honorable Kirk B. Reams  
Clerk of the Circuit Court of Jefferson County, Florida  
Monticello, Florida

#### **CURRENT YEAR FINDING: Need for Segregation of Duties**

COMMENT: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate.

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. At a minimum, we recommend the Clerk receive and review the unopened bank statements each month.

#### **CURRENT YEAR FINDING: Preparation of GAAP-based Financial Statements**

COMMENT: The Clerk has a capable individual providing bookkeeping services; however the Clerk 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). Management relies on Carr, Riggs and Ingram to prepare their annual financial statements including the note disclosures.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Clerk's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We do not consider the findings mentioned above to be material weaknesses in internal control over financial reporting.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Clerk'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*.

To the Honorable Kirk B. Reams  
Clerk of the Circuit Court of Jefferson County, Florida  
Monticello, Florida

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

This report is intended solely for the information and use of the Jefferson County, Florida, Clerk of the Circuit Court and the Board of County Commissioners, and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Carly Riggs & Ingram, L.L.C.*

Tallahassee, Florida  
December 15, 2008



## INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Kirk B. Reams  
Clerk of the Circuit Court of Jefferson County, Florida  
Monticello, Florida

We have audited the accompanying financial statements of the Jefferson County, Florida, Clerk of the Circuit Court (the "Clerk"), as of and for the year ended September 30, 2008, and have issued our report thereon dated December 15, 2008.

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. We have issued our 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* dated December 15, 2008. Disclosures in that report, if any, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida, and unless otherwise required to be reported in the report on compliance and internal controls, this letter is required to include the following information.

The *Rules of the Auditor General* [Section 10.544(1)(i)1] 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 recommendations made in the preceding annual financial audit report.

As required by the *Rules of the Auditor General* [Section 10.544(1)(i)2.], the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Jefferson County, Florida, Clerk complied with Section 218.415, Florida Statutes.

The *Rules of the Auditor General* [Section 10.544(1)(i) 3] require that we address in the management letter any findings and recommendations that improve financial management, accounting procedures, and internal controls. In connection with our audit, we reported two such findings which are detailed in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters.

To the Honorable Kirk B. Reams  
Clerk of the Circuit Court of Jefferson County, Florida  
Monticello, Florida

The *Rules of the Auditor General* [Section 10.544(1)(i) 4] require that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

The *Rules of the Auditor General* [Section 10.544(1)(i) 5] require, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or were likely to have occurred and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, and defalcations and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we did not have any such findings.

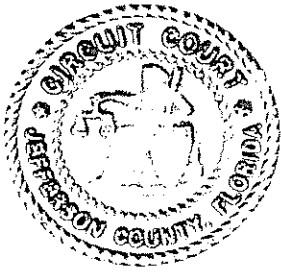
The *Rules of the Auditor General* [Section 10.544(1)(i)6] also requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Jefferson County, Florida, Clerk 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.

The Rules of the Auditor General (Sections 10.554 (1)(i) 7.a., 7.b.) require that we state whether or not the Clerk complied with the budget certified by the Florida Clerk of Courts Operations Corporation pursuant to Section 28.35, F.S. and whether or not the Clerk complied with the performance standards developed and certified pursuant to Section 28.35, F.S. The Jefferson County, Florida Clerk of the Circuit Court complied with the specified budget and performance standards referenced above.

This management letter is intended solely for the information of the Jefferson County, Florida, Clerk, the Board of County Commissioners, and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Carri Riggs & Ingram, L.L.C.*

Tallahassee, Florida  
December 15, 2008



# Kirk B. Reams

Clerk Of The Circuit Court  
Jefferson County, Florida



Room 10  
County Courthouse  
Monticello, Florida 32344

Phone: (850) 342-0218

Fax: (850) 342-0222

kirkbradleyreams@gmail.com

December 18, 2008

Mr. David W. Martin  
Auditor General, State of Florida  
111 West Madison Street  
Tallahassee, Florida 32399

Dear Mr. Martin:

This is in reply to our auditor's findings and recommendations contained in our audit report for the year ended September 30, 2008. Please be advised that I agree with the auditor's findings and recommendations, however, the cost/benefit ratio is far too costly for this office to hire additional personnel to accomplish adequate segregation of duties and to prepare financial statements on our own. Accordingly, I will continue to utilize the current procedures regarding review of unopened bank statements each month and will continue to utilize Carr, Riggs & Ingram to prepare my financial statements each year.

Respectfully,

A handwritten signature in cursive script, which appears to read "Kirk B. Reams".

Kirk B. Reams  
Clerk of the Circuit Court  
Jefferson County, Florida



**Jefferson County, Florida  
Property Appraiser**

**Special-Purpose Financial Statements**

**September 30, 2008**

**Jefferson County, Florida**  
**Property Appraiser**  
**Table of Contents**  
**September 30, 2008**

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<b>Independent Auditors' Report</b>	1 - 2
<b>Special-Purpose Financial Statements</b>	
Special-Purpose Balance Sheet - Governmental Funds	3
Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	4
Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	5
Special-Purpose Statement of Fiduciary Net Assets - Agency Funds	6
Notes to Special-Purpose Financial Statements	7 - 12
<b>Reports</b>	
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 <i>Government Auditing Standards</i>	13 - 15
Independent Auditors' Management Letter	16 - 17
Management's Response	18



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## INDEPENDENT AUDITORS' REPORT

To the Honorable David W. Ward  
Property Appraiser of Jefferson County, Florida  
Monticello, Florida

We have audited the accompanying special-purpose financial statements of the Jefferson County, Florida, Property Appraiser (the "Appraiser") as of and for the year ended September 30, 2008, as listed in the table of contents. These special-purpose financial statements are the responsibility of management of the Property Appraiser. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the 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.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and remaining fund information as well as the fiduciary fund type of the Property Appraiser as of September 30, 2008, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Honorable David W. Ward  
Property Appraiser of Jefferson County, Florida  
Monticello, Florida

In accordance with *Government Auditing Standards*, we have also issued a report dated October 22, 2008, on our consideration of the Property Appraiser's 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* and should be read in conjunction with this report in considering the results of our audit.

*Cary Riggs & Ingram, L.L.C.*

Tallahassee, Florida  
October 22, 2008

## **Special-Purpose Financial Statements**

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

<i>September 30, 2008</i>	<b>General Fund</b>
<b>Assets</b>	
Cash	\$ -
Total assets	\$ -
<b>Liabilities</b>	
Due to others	\$ -
Total liabilities	-
<b>Fund balance</b>	
Unrestricted	-
Total liabilities and fund balances	\$ -

See accompanying notes to financial statements.

## Reports

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

<i>Year ended September 30, 2008</i>	<b>General Fund</b>
<b>Revenues</b>	
County appropriations	\$ 454,203
Interest earnings	290
<b>Total revenues</b>	<b>454,493</b>
<b>Expenditures</b>	
Personal services	298,382
Operating expenses	131,543
Capital outlay	23,251
<b>Total expenditures</b>	<b>453,176</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,317</b>
<b>Other financing sources (uses)</b>	
Transfers in	13,350
Transfers out	(14,667)
<b>Net other financing sources (uses)</b>	<b>(1,317)</b>
<b>Net change in fund balances</b>	<b>-</b>
<b>Fund balances - beginning</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ -</b>



**Jefferson County, Florida**  
**Property Appraiser**  
**Special-Purpose Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**General Fund**

<i>Year ended September 30, 2008</i>	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
County appropriation	\$ 454,250	\$ 454,250	\$ 454,203	\$ (47)
Interest earnings	-	-	290	290
<b>Total revenues</b>	<b>454,250</b>	<b>454,250</b>	<b>454,493</b>	<b>243</b>
<b>Expenditures</b>				
Personal Services	314,566	314,566	298,382	16,184
Operating expenses	123,684	123,684	131,543	(7,859)
Capital Outlay	16,000	16,000	23,251	(7,251)
<b>Total expenditures</b>	<b>454,250</b>	<b>454,250</b>	<b>453,176</b>	<b>1,074</b>
Excess (deficiency) of revenues over (under) expenditures	-	-	1,317	1,317
<b>Other financing sources (uses)</b>				
Transfers in	-	-	13,350	13,350
Transfers out	-	-	(14,667)	(14,667)
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>(1,317)</b>	<b>(1,317)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to financial statements.

Jefferson County, Florida  
Property Appraiser  
Special-Purpose Statement of Fiduciary Net Assets  
Agency Funds

<i>September 30, 2008</i>	Agency Funds
<b>Assets</b>	
Cash	\$ -
Total assets	\$ -
<b>Liabilities</b>	
Due to others	\$ -
Total liabilities	\$ -

See accompanying notes to financial statements.

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

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the presentation of these 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 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 Jefferson County Property Appraiser's financial statements do not include the financial statements of the Board or the other Constitutional Officers of Jefferson County, Florida.

The accompanying 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 Jefferson County, Florida Property Appraiser (the "Appraiser") is a separately elected County official established pursuant to the Constitution of the State of Florida. The 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 is governed by Statement No. 14 of the Governmental Accounting Standards Board (GASB). Although the 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 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 Appraiser.

The operations of the Appraiser are primarily funded by the Board. The receipts from the Board are recorded as revenue on the Appraiser'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  
Property Appraiser  
Notes to Special-Purpose Financial Statements**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***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 Appraiser, 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 Appraiser that are not required either legally or by generally accepted accounting principles to be accounted for in another fund.

The Appraiser also reported the following fund type:

**Agency Funds** - The agency funds are used to account for assets held by the Appraiser 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 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  
Property Appraiser  
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 Appraiser's policy to use restricted resources first, then unrestricted resources as needed.

***Cash***

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 Appraiser are capitalized at cost in the capital asset accounts of the County. The Appraiser maintains custodial responsibility for the capital assets used by his office.

***Budgetary Requirements***

Florida Statutes, Chapter 195.087, details the preparation, adoption and administration of the Appraiser's annual budget. The Appraiser establishes an annual balanced budget for the 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 financial statements reflect all amendments approved by the Board of County Commissioners and Florida Department of Revenue. The budget is prepared on a basis consistent with generally accepted accounting principles.

***Due to Others***

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

***Risk Management and Insurance***

The Property Appraiser is covered under the Board of County Commissioners insurance policies which provide the following coverage:

- General Liability
- Automobiles
- Money and Securities Coverage
- Workers' Compensation

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

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**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.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

At September 30, 2008, the carrying amount of the Appraiser's cash and cash equivalents was \$0 and the bank balance was \$28,736. 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 Appraiser to invest in certificates of deposit, repurchase agreements and the State Treasurer's Investment Pool. In addition, the statutes allow the 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, 2008, the Appraiser did not hold any deposits or investments that were considered to have credit risk.

**INTEREST RATE RISK**

At September 30, 2008, the Appraiser did not hold any investments that were considered to have interest rate risk.

**CUSTODIAL CREDIT RISK**

At September 30, 2008, the Appraiser did not hold any deposits or investments that were considered to have custodial credit risk.

**CONCENTRATION OF CREDIT RISK**

At September 30, 2008, the 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**

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**NOTE 3 – EMPLOYEE PENSION PLAN**

In accordance with Florida Law, the Appraiser 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, 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 32399-1650, or by accessing their internet site at [www.frs.state.fl.us/frs/public/annual](http://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. Retirement coverage is employee noncontributory. The employer pays all contributions.

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

	<b>10/1/07 Through <u>09/30/08</u></b>
Regular employees	9.85%
Senior management	13.12%
Elected county officials' class	16.53%
Special risk employees	20.92%
Drop participants	10.91%

The above rates include a 1.11% health insurance subsidy contribution. For the period October 01, 2007 through September 30, 2008, the total payroll for the Appraiser's employees covered by the System was \$237,322 and the retirement contributions for all employees covered by the FRS were \$29,623 which was the required contributions. These contributions represent 12.48% of covered payroll.

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

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**NOTE 4 – 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. The Appraiser returned all excess funds as required by Florida Statutes.



## Reports



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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 David W. Ward  
Property Appraiser of Jefferson County, Florida  
Monticello, Florida

We have audited the special-purpose financial statements of the Jefferson County, Florida Property Appraiser (the "Appraiser") as of and for the year ended September 30, 2008, and have issued our report thereon dated October 22, 2008. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Appraiser's internal control over financial reporting as a basis for designing our auditing procedures 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 Appraiser's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Appraiser's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Appraiser's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Appraiser's financial statements that is more than inconsequential will not be prevented or detected by the Appraiser's internal control. We consider the following deficiencies to be significant deficiencies in internal control over financial reporting:

To the Honorable David W. Ward  
Property Appraiser of Jefferson County, Florida  
Monticello, Florida

**CURRENT YEAR FINDING: Need for Segregation of Duties**

COMMENT: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate.

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. At a minimum, we recommend the Appraiser receive and review the unopened bank statements each month.

**CURRENT YEAR FINDING: Preparation of GAAP-based Financial Statements**

COMMENT: The Appraiser has a capable individual providing bookkeeping services; however the Appraiser 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). Management relies on Carr, Riggs and Ingram to prepare their annual financial statements including the note disclosures.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Appraiser's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We do not consider the segregation of duties as described above to be a material weakness in internal control over financial reporting.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

To the Honorable David W. Ward  
Property Appraiser of Jefferson County, Florida  
Monticello, Florida

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

This report is intended solely for the information and use of the Jefferson County, Florida Property Appraiser and the Board of County Commissioners, and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Carri Riggs & Ingram, L.L.C.*

Tallahassee, Florida  
October 22, 2008

## INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable David W. Ward  
Property Appraiser of Jefferson County, Florida  
Monticello, Florida

We have audited the accompanying financial statements of the Jefferson County, Florida, Property Appraiser (the "Appraiser"), as of and for the year ended September 30, 2008, and have issued our report thereon dated October 22, 2008.

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. We have issued our 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* dated October 22, 2008. Disclosures in that report, if any, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida, and unless otherwise required to be reported in the report on compliance and internal controls, this letter is required to include the following information.

The *Rules of the Auditor General* [Section 10.544(1) (i) 1] 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 recommendations made in the preceding annual financial audit report.

As required by the *Rules of the Auditor General* [Section 10.544(1)(i)2.], the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Jefferson County, Florida, Property Appraiser complied with Section 218.415, Florida Statutes.

The *Rules of the Auditor General* [Section 10.544(1)(i) 3] require that we address in the management letter any findings and recommendations that improve financial management, accounting procedures, and internal controls. In connection with our audit, we did not have any such findings.

To the Honorable David W. Ward  
Property Appraiser of Jefferson County, Florida  
Monticello, Florida

The *Rules of the Auditor General* [Section 10.544(1)(i) 4] require that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

The *Rules of the Auditor General* [Section 10.544(1)(i) 5] require, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or were likely to have occurred and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, and defalcations and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we reported two such findings which are detailed in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters.

The *Rules of the Auditor General* [Section 10.544(1) (i) 6] also 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. The Jefferson County, Florida, Property Appraiser was established by the Constitution of the State of Florida, Article VIII, and Section 1(d). There were no component units related to the Jefferson County, Florida, Property Appraiser.

This management letter is intended solely for the information of the Jefferson County, Florida, Property Appraiser, the Board of County Commissioners, and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Carly Riggs & Ingram, L.L.C.*

Tallahassee, Florida  
October 22, 2008

**David W. Ward, CFA**  
Property Appraiser of Jefferson County  
P.O. Box 63  
(850) 997-3356 Monticello, Florida 32345-0063 Fax (850) 997-0988

October 22, 2008

Mr. David W. Martin  
Auditor General, State of Florida  
111 West Madison Street  
Tallahassee, Florida 32399

Dear Mr. Martin:

This in reply to our auditor's findings and recommendations contained in my audit report for the year ended September 30, 2008. Please be advised that I agree with the auditor's findings and recommendations, however, the cost/benefit ratio is far too costly for this office to hire additional personnel to accomplish adequate segregation of duties and to prepare financial statements on our own. Accordingly, I will continue to utilize the current procedures regarding review of unopened bank statements each month and will continue to utilize Carr, Riggs & Ingram to prepare my financial statements each year.

Respectfully,



David W. Ward CFA  
Property Appraiser  
Jefferson County, Florida

**Jefferson County, Florida  
Sheriff**

**Special-Purpose Financial Statements**

**September 30, 2008**



**Jefferson County, Florida**  
**Sheriff**  
**Table of Contents**  
**September 30, 2008**

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<b>Independent Auditors' Report</b>	1-2
<b>Special-Purpose Financial Statements</b>	
Special-Purpose Balance Sheet - Governmental Fund	3
Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	4
Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	5
Special-Purpose Statement of Fiduciary Net Assets - Agency Funds	6
Notes to Special-Purpose Financial Statements	7-12
<b>Reports</b>	
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 <i>Government Auditing Standards</i>	13-15
Independent Auditors' Management Letter	16-17
Management's Response	18



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## INDEPENDENT AUDITORS' REPORT

To the Honorable David C. Hobbs  
Sheriff of Jefferson County, Florida  
Monticello, Florida

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, 2008, as listed in the table of contents. These special-purpose financial statements are the responsibility of management of the Sheriff. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the 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.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and remaining fund information as well as the fiduciary fund type of the Sheriff as of September 30, 2008, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Honorable David C. Hobbs  
Sheriff of Jefferson County, Florida  
Monticello, Florida

In accordance with *Government Auditing Standards*, we have also issued a report dated October 29, 2008, on our consideration of the Sheriff's 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* and should be read in conjunction with this report in considering the results of our audit.

*Cam, Riggs & Ingram, L.L.C.*

Tallahassee, Florida  
October 29, 2008

## **Special-Purpose Financial Statements**

**Jefferson County, Florida**  
**Sheriff**  
**Special Purpose Balance Sheet**  
**Governmental Fund**

<i>September 30, 2008</i>	<b>General Fund</b>
<b>Assets</b>	
Restricted cash	\$ 12,133
<b>Total assets</b>	<b>\$ 12,133</b>
<b>Liabilities</b>	
Due to others	\$ 12,133
<b>Total liabilities</b>	<b>12,133</b>
<b>Fund balance</b>	
Unrestricted	-
<b>Total liabilities and fund balances</b>	<b>\$ -</b>

See accompanying notes to financial statements.

**Jefferson County, Florida**  
**Sheriff**  
**Special-Purpose Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance**

<i>Year ended September 30, 2008</i>	<b>General Fund</b>
<b>Revenues</b>	
County appropriations	\$ 3,190,000
<b>Expenditures</b>	
Personal services	2,363,398
Operating expenses	579,767
Capital outlay	245,507
Total expenditures	3,188,672
Excess (deficiency) of revenues over (under) expenditures	1,328
<b>Other financing sources (uses)</b>	
Transfers out	(1,328)
Net other financing sources (uses)	(1,328)
<b>Net change in fund balances</b>	-
<b>Fund balances - beginning</b>	-
<b>Fund balance - ending</b>	\$ -

Jefferson County, Florida  
**Sheriff**  
**Special-Purpose Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual**  
**General Fund**

<i>Year ended September 30, 2008</i>	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
County appropriation	\$ 3,190,000	\$ 3,190,000	\$ 3,190,000	\$ -
<b>Expenditures</b>				
Personal Services	2,509,600	2,363,398	2,363,398	-
Operating expenses	567,100	579,767	579,767	-
Capital Outlay	113,300	245,507	245,507	-
Total expenditures	3,190,000	3,188,672	3,188,672	-
Excess (deficiency) of revenues over (under) expenditures	-	1,328	1,328	-
<b>Other financing sources (uses)</b>				
Transfers out	-	(1,328)	(1,328)	-
Total other financing sources	-	(1,328)	(1,328)	-
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to financial statements.

Jefferson County, Florida  
Sheriff  
Special-Purpose Statement of Fiduciary Net Assets  
Agency Funds

<i>September 30, 2008</i>	Agency Funds
<hr/>	
<b>Assets</b>	
Cash	\$ 146,650
<hr/>	
Total assets	\$ 146,650
<hr/> <hr/>	
<b>Liabilities</b>	
Due to others	\$ 146,650
<hr/>	
Total liabilities	\$ 146,650
<hr/> <hr/>	

See accompanying notes to financial statements.



**Jefferson County, Florida**  
**Sheriff**  
**Notes to Special-Purpose Financial Statements**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the presentation of these 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 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 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 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.

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.

***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.

**Jefferson County, Florida**  
**Sheriff**  
**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 Sheriff's policy to use restricted resources first, then unrestricted resources as needed.

***Cash***

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
-------------------------------------	------------

***Budgetary Requirements***

Florida Statutes, Chapter 218.35 and 195.087, details the preparation, adoption and administration of the Sheriff's annual budget. The Sheriff establishes an annual balanced budget for the 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 financial statements reflect all amendments approved by the Board of County Commissioners. The budget is prepared on a basis consistent with generally accepted accounting principles.

***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.

**Jefferson County, Florida**  
**Sheriff**  
**Notes to Special-Purpose Financial Statements**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***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.

***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.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

At September 30, 2008, the carrying amount of the Sheriff's cash and cash equivalents and restricted cash was \$158,783 and the bank balance was \$326,993. 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.

**Jefferson County, Florida  
Sheriff**

**Notes to Special-Purpose Financial Statements**

---

**NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)**

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, 2008, the Sheriff did not hold any deposits or investments that were considered to have credit risk.

INTEREST RATE RISK

At September 30, 2008, the Sheriff did not hold any investments that were considered to have interest rate risk.

CUSTODIAL CREDIT RISK

At September 30, 2008, the Sheriff did not hold any deposits or investments that were considered to have custodial credit risk.

CONCENTRATION OF CREDIT RISK

At September 30, 2008, 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 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 32399-1650, or by accessing their internet site at [www.frs.state.fl.us/frs/public/annual](http://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. Retirement coverage is employee noncontributory. The employer pays all contributions.

**Jefferson County, Florida**  
**Sheriff**  
**Notes to Special-Purpose Financial Statements**

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**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 pay all contributions at rates determined each year by the legislature. The rates, as a percentage of gross earnings, are as follows:

	<b>10/1/07 Through 09/30/08</b>
Regular employees	9.85%
Senior management	13.12%
Elected county officials' class	16.53%
Special risk employees	20.92%
Drop participants	10.91%

The above rates include a 1.11% health insurance subsidy contribution. For the period October 1, 2007 through September 30, 2008, the total payroll for the Sheriff employees covered by the System was \$1,794,291 and the retirement contributions for all employees covered by the FRS were \$307,295 which were the required contributions. These contributions represent 17.13% of covered payroll.

**NOTE 4 – 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. The Sheriff returned all excess funds as required by Florida Statutes.

**NOTE 5 – GRANTS**

The Sheriff participates in several 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, 2008, 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.

## Reports



Carr, Riggs & Ingram, LLC  
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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 David C. Hobbs  
Sheriff of Jefferson County, Florida  
Monticello, Florida

We have audited the special-purpose financial statements of the Jefferson County, Florida, Sheriff (the "Sheriff") as of and for the year ended September 30, 2008, and have issued our report thereon dated October 29, 2008. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Sheriff's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Sheriff's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Sheriff's financial statements that is more than inconsequential will not be prevented or detected by the Sheriff's internal control. We consider the following deficiencies to be significant deficiencies in internal control over financial reporting:



To the Honorable David C. Hobbs  
Sheriff of Jefferson County, Florida  
Monticello, Florida

**CURRENT YEAR FINDING: Need for Segregation of Duties**

COMMENT: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate.

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. At a minimum, we recommend the Sheriff receive and review the unopened bank statements each month.

**CURRENT YEAR FINDING: Preparation of GAAP-based Financial Statements**

COMMENT: The Sheriff has a capable individual providing bookkeeping services; however the Sheriff 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). Management relies on Carr, Riggs and Ingram to prepare their annual financial statements including the note disclosures.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Sheriff's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We do not consider the segregation of duties as described above to be a material weakness in internal control over financial reporting.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Sheriff'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*.

To the Honorable David C. Hobbs  
Sheriff of Jefferson County, Florida  
Monticello, Florida

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

This report is intended solely for the information and use of the Jefferson County, Florida, Sheriff and the Board of County Commissioners, and the State of Florida Office of the 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.*

Tallahassee, Florida  
October 29, 2008



Carr, Riggs & Ingram, LLC  
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## INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable David C. Hobbs  
Sheriff of Jefferson County, Florida  
Monticello, Florida

We have audited the accompanying financial statements of the Jefferson County, Florida, Sheriff (the Sheriff), as of and for the year ended September 30, 2008, and have issued our report thereon dated October 29, 2008.

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. We have issued our 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* dated October 29, 2008. Disclosures in that report, if any, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, *Rules of the Auditor General*, which govern the conduct of local governmental entity audits performed in the State of Florida, and unless otherwise required to be reported in the report on compliance and internal controls, this letter is required to include the following information.

The *Rules of the Auditor General* [Section 10.544(1)(i)1] 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 recommendations made in the preceding annual financial audit report.

As required by the *Rules of the Auditor General* [Section 10.544(1)(i)2.], the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Jefferson County, Florida, Sheriff complied with Section 218.415, Florida Statutes.

The *Rules of the Auditor General* [Section 10.544(1)(i) 3] require that we address in the management letter any findings and recommendations that improve financial management, accounting procedures, and internal controls. In connection with our audit, we did not have any such findings.

To the Honorable David C. Hobbs  
Sheriff of Jefferson County, Florida  
Monticello, Florida

The *Rules of the Auditor General* [Section 10.544(1)(i) 4] require that we address violations of provisions of contracts and grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

The *Rules of the Auditor General* [Section 10.544(1)(i) 5] require, based on professional judgment, the reporting of the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or were likely to have occurred and would have an immaterial effect on the financial statements; (2) improper expenditures or illegal acts that would have an immaterial effect on the financial statements; and (3) control deficiencies that are not significant deficiencies, including, but not limited to; (a) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, and defalcations and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we reported two such findings which are detailed in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters.

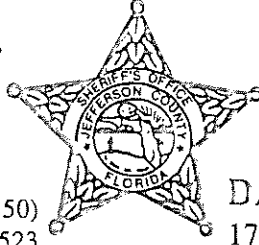
The *Rules of the Auditor General* [Section 10.544(1)(i)6] also requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Jefferson County, Florida, Sheriff 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, Sheriff.

This management letter is intended solely for the information of the Jefferson County, Florida, Sheriff, the Board of County Commissioners, and the State of Florida Office of the Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Carly Riggs & Ingram, L.L.C.*

Tallahassee, Florida  
October 29, 2008

Sheriff



Area Code: (850)  
Office Phone: 997-2523  
Office Fax: 997-0756  
Jail Phone: 997-2023

DAVID C. HOBBS – JEFFERSON COUNTY  
171 INDUSTRIAL PARK  
MONTICELLO, FLORIDA 32344

November 13, 2008

Mr. David W. Martin  
Auditor General, State of Florida  
111 West Madison Street  
Tallahassee, Florida 32399

Dear Mr. Martin:

This is in reply to our auditor's findings and recommendations contained in our audit report for the year ended September 30, 2008. Please be advised that I agree with the auditor's findings and recommendations, however, the cost/benefit ratio is far too costly for this office to hire additional personnel to accomplish adequate segregation of duties and to prepare financial statements on our own. Accordingly, I will continue to utilize the current procedures regarding review of unopened bank statements each month and will continue to utilize Carr, Riggs & Ingram to prepare my financial statements each year.

Respectfully,

Jefferson County, Florida Sheriff

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David C. Hobbs  
Sheriff

**Jefferson County, Florida  
Supervisor of Elections**

**Special-Purpose Financial Statements**

**September 30, 2008**

**Jefferson County, Florida**  
**Supervisor of Elections**  
**Table of Contents**  
**September 30, 2008**

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<b>Independent Auditors' Report</b>	1 – 2
<b>Special-Purpose Financial Statements</b>	
Special-Purpose Balance Sheet – Governmental Fund	3
Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	4
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	5
Special-Purpose Statement of Fiduciary Net Assets – Agency Funds	6
Notes to Financial Statements	7 – 12
<b>Reports</b>	
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 <i>Government Auditing Standards</i>	13 – 15
Independent Auditors' Management Letter	16 – 17
Management's Response	18



## INDEPENDENT AUDITORS' REPORT

The Honorable Marty Bishop  
Supervisor of Elections of Jefferson County, Florida  
Monticello, Florida

We have audited the accompanying special-purpose financial statements of The Jefferson County, Florida Supervisor of Elections, as of and for the year ended September 30, 2008, as listed in the table of contents. These special-purpose financial statements are the responsibility of management of the Supervisor of Elections. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

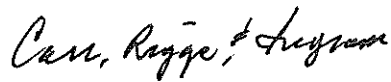
As discussed in Note 1 to the financial statements, the Supervisor of Elections financial statements are special-purpose financial statements presenting only the financial position and results of operations of the Supervisor of Elections. These special-purpose financial statements are not intended to 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 Supervisor of Elections.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and remaining fund information as well as the fiduciary fund type of the Supervisor of Elections as of September 30, 2008, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.



To the Honorable Marty Bishop  
Supervisor of Elections of Jefferson County, Florida  
Monticello, Florida

In accordance with *Government Auditing Standards*, we have also issued a report dated November 26, 2008 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* and should be read in conjunction with this report in considering the results of our audit.



Tallahassee, Florida  
November 26, 2008

## **Special-Purpose Financial Statements**

**Jefferson County, Florida**  
**Supervisor of Elections**  
**Special Purpose Balance Sheet**  
**Governmental Fund**

*September 30, 2008*

	General Fund
<b>Assets</b>	
Cash	\$ 7,394
Total assets	\$ 7,394
<b>Liabilities</b>	
Due to other agencies	\$ 7,394
Total liabilities	7,394
<b>Fund balance</b>	
Unrestricted	-
Total liabilities and fund balances	\$ 7,394

See accompanying notes to 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, 2008*

	<b>General Fund</b>
<b>Revenues</b>	
County appropriations	\$ 219,028
Interest earned	220
Total revenues	219,248
<b>Expenditures</b>	
Personal services	127,089
Operating expenses	84,765
Capital outlay	0
Total expenditures	211,854
Excess (deficiency) of revenues over (under) expenditures	7,394
<b>Other financing sources (uses)</b>	
Transfers out	(7,394)
Net other financing sources (uses)	(7,394)
<b>Net change in fund balances</b>	-
<b>Fund balances - beginning</b>	-
<b>Fund balance - ending</b>	\$ -

See accompanying notes to 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, 2008*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
County appropriation	\$ 218,983	\$ 218,983	\$ 219,028	\$ 45
Interest earned	-	-	220	220
<b>Total revenues</b>	<b>218,983</b>	<b>218,983</b>	<b>219,248</b>	<b>265</b>
<b>Expenditures</b>				
Personal Services	130,284	130,284	127,089	3,195
Operating expenses	88,699	88,699	84,765	3,934
Capital Outlay	-	-	-	-
<b>Total expenditures</b>	<b>218,983</b>	<b>218,983</b>	<b>211,854</b>	<b>7,129</b>
Excess (deficiency) of revenues over (under) expenditures	-	-	7,394	7,394
<b>Other financing sources (uses)</b>				
Transfers out	-	-	(7,394)	(7,394)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(7,394)</b>	<b>(7,394)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to financial statements.

**Jefferson County, Florida**  
**Supervisor of Elections**  
**Special-Purpose Statement of Fiduciary Net Assets**  
**Agency Funds**

*September 30, 2008*

	Agency Funds
<b>Assets</b>	
Cash	\$ 2,021
Total assets	\$ 2,021
<b>Liabilities</b>	
Deposits held in escrow	\$ 2,021
Total liabilities	\$ 2,021

See accompanying notes to financial statements.

**Jefferson County, Florida**  
**Supervisor of Elections**  
**Notes to Special-Purpose Financial Statements**

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**NOTE 1 – NATURE OF BUSINESS**

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.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the presentation of these 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.

The Jefferson County Supervisor of Elections (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 financial statements do not include the financial statements of the Board or the other Constitutional Officers of Jefferson County, Florida.

The accompanying 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 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 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.

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 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**  
**Supervisor of Elections**  
**Notes to Special-Purpose Financial Statements**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 Supervisor, 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 Supervisor that are not required either legally or by generally accepted accounting principles to be accounted for in another fund.

The Supervisor also reported the following fund type:

**Agency Funds** - The agency funds are used to account for assets held by the Supervisor 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 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**  
**Supervisor of Elections**  
**Notes to Special-Purpose Financial Statements**

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**NOTE 2 – 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 Supervisor's policy to use restricted resources first, then unrestricted resources as needed.

**Cash**

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 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
-------------------------------------	------------

**Budgetary Requirements**

Florida Statutes, Chapter 129 details the preparation, adoption and administration of the Supervisor's annual budget. The Supervisor establishes an annual balanced budget for the 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 financial statements reflect all amendments approved by the Board of County Commissioners. The budget is prepared on a basis consistent with generally accepted accounting principles.

**Due to Others**

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

**Risk Management and Insurance**

The Supervisor participates in the insurance coverage provided by the Board of County Commissioners, which includes the following:

- General Liability
- Automobiles
- Money and Securities Coverage
- Workers' compensation

**Jefferson County, Florida**  
**Supervisor of Elections**  
**Notes to Special-Purpose Financial Statements**

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**NOTE 2 – 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.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

At September 30, 2008, the carrying amount of the Supervisor's cash and cash equivalents and restricted cash was \$9,414 and the bank balance was \$21,483. 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, 2008, the Supervisor did not hold any deposits or investments that were considered to have credit risk.

**INTEREST RATE RISK**

At September 30, 2008, the Supervisor did not hold any investments that were considered to have interest rate risk.

**CUSTODIAL CREDIT RISK**

At September 30, 2008, the Supervisor did not hold any deposits or investments that were considered to have custodial credit risk.

**CONCENTRATION OF CREDIT RISK**

At September 30, 2008, the Supervisor did not hold any investments that were considered to have concentration of credit risk.

**Jefferson County, Florida**  
**Supervisor of Elections**  
**Notes to Special-Purpose Financial Statements**

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**NOTE 4 – 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, 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 32399-1650, or by accessing their internet site at [www.frs.state.fl.us/frs/public/annual](http://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. Retirement coverage is employee noncontributory. The employer pays all contributions.

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers pay all contributions at rates determined each year by the legislature.

The rates, as a percentage of gross earnings, are as follows:

	<b>10/1/07 Through 09/30/08</b>
Regular employees	9.85%
Senior management	13.12%
Elected county officials' class	16.53%
Special risk employees	20.92%
Drop participants	10.91%

The above rates include a 1.11% health insurance subsidy contribution. For the period October 01, 2007 through September 30, 2008, the total payroll for the Supervisor's employees covered by the System was \$106,655 and the retirement contributions for all employees covered by the FRS were \$15,662 which were the required contributions. These contributions represent 14.68% of covered payroll.

**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. The Supervisor returned all excess funds as required by Florida Statutes.

**Jefferson County, Florida**  
**Supervisor of Elections**  
**Notes to Special-Purpose Financial Statements**

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**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, 2008, 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.

## Reports

**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 Marty Bishop,  
Supervisor of Elections of Jefferson County, Florida  
Monticello, Florida

We have audited the combined financial statements of governmental activities, each major fund, and the aggregate remaining fund information of the Supervisor of Elections of Jefferson County, Florida, as of and for the year ended September 30, 2008, and have issued our report thereon dated November 26, 2008. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Supervisor of Elections of Jefferson County, Florida's internal control over financial reporting as a basis for designing our auditing procedures 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 Supervisor's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Supervisor's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Supervisor's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Supervisor's financial statements that is more than inconsequential will not be prevented or detected by the Supervisor's internal control.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Supervisor's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We consider the following deficiencies to be significant deficiencies in internal control over financial reporting:

To the Honorable Marty Bishop,  
Supervisor of Elections of Jefferson County, Florida  
Monticello, Florida

**CURRENT YEAR FINDING: Need for Segregation of Duties**

COMMENT: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate.

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. At a minimum, we recommend the Supervisor receive and review the unopened bank statements each month.

**CURRENT YEAR FINDING: Preparation of GAAP-based Financial Statements**

COMMENT: The Supervisor has a capable individual providing bookkeeping services; however the Supervisor 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). Management relies on Carr, Riggs and Ingram to prepare their annual financial statements including the note disclosures.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Supervisor's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We do not consider the segregation of duties as described above to be a material weakness in internal control over financial reporting.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Supervisor of Elections of Jefferson County, Florida'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*.

To the Honorable Marty Bishop,  
Supervisor of Elections of Jefferson County, Florida  
Monticello, Florida

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

This report is intended solely for the information and use of the Supervisor of Elections, Board of County Commissioners and the State Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Care, Riggs & Ingram*

Tallahassee, Florida  
November 26, 2008



## INDEPENDENT AUDITORS' MANAGEMENT LETTER

Honorable Marty Bishop, Supervisor of Elections  
Jefferson County, Florida

We have audited the financial statements of the Jefferson County, Florida Supervisor of Elections, as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated November 26, 2008.

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. We have issued our Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated November 26, 2008. Disclosures in that report, if any, should be considered in conjunction with this management letter. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554 (1) (i)1.) require that we comment as to 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 significant findings or recommendations in the preceding annual financial audit.

As required by the Rules of the Auditor General (Section 10.554 (1)(i)2.), we determined the Jefferson County, Florida Supervisor of Elections complied with the Florida Statutes Section 218.415, F.S., with regard to the investment of public funds.

The Rules of the Auditor General (Section 10.554 (1)(i)3.) requires that we comment regarding recommendations to improve the Jefferson County, Florida, Supervisor of Elections' financial management, accounting procedures, and internal controls. We noted no such items requiring comment by us.

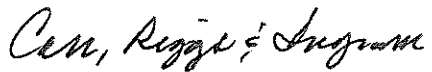
The Rules of the Auditor General (Sections 10.554 (1) (i) (4) require disclosure in the management letter of the following matters: violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. Our audit did not disclose any matters required to be disclosed by Rules of the Auditor General (Sections 10.554(1) (i) (4).

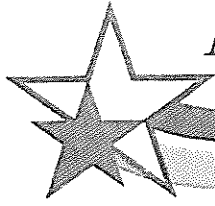
Honorable Marty Bishop, Supervisor of Elections  
Jefferson County, Florida

Rules 10.554(1) (i) 5a., 5b., 5c1, 5c2, 5c3, require disclosure in the management letter based on the auditor's professional judgment matters that are inconsequential considering both quantitative and qualitative factors, including the following: violations of laws, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and were discovered within the scope of the audit; improper or illegal expenditures discovered within the scope of the audit; control deficiencies in internal control that are not significant deficiencies, including, but not limited to: improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); failures to properly record financial transactions, other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. In connection with our audit, we reported two such findings which are detailed in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters.

The Rules of the Auditor General [Section 10.544(1)(i)6] also 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. The Jefferson County, Florida, Supervisor of Elections was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There are no component units related to the Jefferson County, Florida, Supervisor of Elections.

This management letter is intended for the information of the Jefferson County, Florida Supervisor of Elections and management, and the State of Florida Office of the Auditor General. However, this report is a matter of public record and its distribution is not limited.

  
Tallahassee, Florida  
November 26, 2008



*Marty Bishop*

*Jefferson County  
Supervisor of Elections*

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

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November 26, 2008

Mr. David W. Martin  
Auditor General, State of Florida  
111 West Madison Street  
Tallahassee, Florida 32399

Dear Mr. Martin:

This in reply to our auditor's findings and recommendations contained in my audit report for the year ended September 30, 2008. Please be advised that although I agree with the auditor's findings and recommendations, the cost/benefit ratio is far too costly for this office to hire additional personnel to accomplish adequate segregation of duties and to prepare financial statements on my own. Accordingly, I will continue to utilize the current procedures regarding review of unopened bank statements each month and will continue to utilize Carr, Riggs & Ingram to prepare my financial statements each year.

Respectfully,

Marty Bishop  
Supervisor of Elections  
Jefferson County, Florida

**Jefferson County, Florida  
Tax Collector**

**Special-Purpose Financial Statements**

**September 30, 2008**

**Jefferson County, Florida**  
**Tax Collector**  
**Table of Contents**  
**September 30, 2008**

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<b>Independent Auditors' Report</b>	1
<b>Special-Purpose Financial Statements</b>	
Special-Purpose Balance Sheet – Governmental Fund	2
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund	3
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	4
Special-Purpose Statement of Fiduciary Net Assets – Agency Funds	5
Notes to Special-Purpose Financial Statements	6 - 9
<b>Reports</b>	
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 <i>Governmental Auditing Standards</i>	10 -12
Independent Auditors' Management Letter	13 -14
Management's Response	15



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## INDEPENDENT AUDITORS' REPORT

The Honorable Lois H. Hunter, Tax Collector  
The County of Jefferson, Florida  
Monticello, Florida

We have audited the accompanying special-purpose financial statements of the Jefferson County, Florida Tax Collector, as of September 30, 2008, as listed in the table of contents. These special-purpose financial statements are the responsibility of Jefferson County, Florida Tax Collector. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the Tax Collector's financial statements are special-purpose financial statements presenting only the financial position and results of operations of the Tax Collector. 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 Tax Collector.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of The Jefferson County, Florida Tax Collector, as of September 30, 2008, and the results of operations of the general fund and the recorded cash transactions of the agency fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 15, 2008 on our consideration of The Jefferson County, Florida Tax Collector's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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* and should be read in conjunction with this report in considering the results of our audit.

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

Tallahassee, Florida  
December 15, 2008

## **Special-Purpose Financial Statements**

**Jefferson County, Florida**  
**Tax Collector**  
 Special-Purpose Balance Sheet  
 Governmental Fund

<i>September 30, 2008</i>	<b>General Fund</b>
<b>Assets</b>	
Cash	\$ 54,918
Total assets	\$ 54,918
<b>Liabilities and Fund balance</b>	
<b>Liabilities</b>	
Due to other agencies	54,918
Total liabilities	54,918
<b>Fund Balance</b>	
Unrestricted	-
Total liabilities and fund balance	\$ 54,918

See accompanying notes to financial statements.



**Jefferson County, Florida**  
**Tax Collector**  
**Special-Purpose Statement of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**Governmental Fund**

*Year ended September 30, 2008*

**General Fund**

**Revenues**

County appropriation	\$ 432,142
Total revenues	432,142

**Expenditures**

Personal services	276,096
Operating expenses	76,680
Capital outlay	24,663
Total expenditures	377,439

Excess (deficiency) of revenues over (under) expenditures	54,703
---	--------

**Other financing sources (uses)**

Transfers out	(54,703)
Net other financing sources (uses)	(54,703)

**Net change in fund balance**

	-
--	---

**Fund balance - beginning**

	-
--	---

**Fund balance - ending**

	\$ -
--	------

**Jefferson County, Florida**  
**Tax Collector**  
**Special-Purpose Statement of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**General Fund**

<i>Year ended September 30, 2008</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
County appropriation	\$ 432,142	\$ 432,142	\$ 432,142	\$ -
Total revenues	432,142	432,142	432,142	-
<b>Expenditures</b>				
Personal services	280,000	280,000	276,096	3,904
Operating expenses	117,142	117,142	76,680	40,462
Capital outlay	35,000	35,000	24,663	10,337
Total expenditures	432,142	432,142	377,439	54,703
Excess (deficiency) of revenues over (under) expenditures	-	-	54,703	54,703
<b>Other financing sources (uses)</b>				
Transfers out	-	-	(54,703)	(54,703)
Total other financing sources (uses)	-	-	(54,703)	(54,703)
<b>Net change in fund balance</b>	-	-	-	-
<b>Fund balance - beginning</b>	-	-	-	-
<b>Fund balance - ending</b>	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

**Jefferson County, Florida**  
**Tax Collector**  
**Special-Purpose Statement of Fiduciary Net Assets**  
**Agency Funds**

<i>September 30, 2008</i>	<b>Agency Funds</b>
<hr/>	
<b>Assets</b>	
Cash	\$ 927,776
<hr/>	
Total assets	\$ 927,776
<hr/> <hr/>	
<b>Liabilities</b>	
Due to other agencies	\$ 927,776
<hr/>	
Total liabilities	\$ 927,776
<hr/> <hr/>	

**Jefferson County, Florida**  
**Tax Collector**  
**Notes to Special-Purpose Financial Statements**

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**NOTE 1 – NATURE OF BUSINESS**

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 Tax Collector 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 Tax Collector is responsible for the administration and operation of the Tax Collector's office, and the Jefferson County Tax Collector's financial statements do not include the financial statements of the Board or the other Constitutional Officers of Jefferson County, Florida.

The Tax Collector funds her operations as a Budget Officer pursuant to Florida Statutes Chapters 195, 145 and 129. As a Budget Officer, the operations as Tax Collector are approved and funded by the Board. The budgeted receipts from the Board are recorded as revenue on the Tax Collector's financial statements. Any excess of revenues received over expenditures is remitted to the Board at year end.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Jefferson County Tax Collector conform to accounting principles generally accepted in the United States of America (GAAP), as applicable to governments. The following is a summary of significant accounting principles and policies used in the preparation of these financial statements.

***Fund Accounting***

The accounts of the Jefferson County Tax Collector are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The purposes of the Jefferson County Tax Collector's funds are as follows:

**Governmental Fund:**

**General Fund** - The general fund is the general operating fund of the Jefferson County Tax Collector. It is used to account for all financial resources, except for those required to be accounted for in another fund.

**Fiduciary Funds:**

**Agency Funds** - The agency funds are used to account for assets held by the Jefferson County Tax Collector as an agent for individuals, private organizations, other governments and/or other funds.

**Jefferson County, Florida**  
**Tax Collector**  
**Notes to Special-Purpose Financial Statements**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Measurement Focus***

**Governmental Fund Type** - The general fund is accounted for on a "spending" or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Accordingly, the reported undesignated fund balances (net current assets) are considered a measure of available, spendable or appropriable resources. Governmental fund type operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

**Fiduciary Fund Types** - The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

***Basis of Accounting***

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

All governmental fund and agency funds are accounted for using the accrual basis of accounting. Under this method, revenue is recognized when it becomes measurable and available as net current assets. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Tax Collector considers revenues to be available if they are collected within sixty (60) days of the end of the fiscal year. Expenditures are generally recognized under the accrual basis of accounting when the related fund liability is incurred.

***Budgetary Requirements***

General governmental 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 financial statements have been adjusted for legally authorized amendments to the annual budget for the year. Budgets are prepared on the modified accrual (GAAP) basis of accounting.

The Jefferson County Tax Collector'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.

***Fixed Assets***

General fixed assets are recorded as expenditures in the general fund at the time an asset is acquired. Assets acquired by the Jefferson County Tax Collector are capitalized at cost in the Board's general fixed asset account group in accordance with Florida Statutes.

**Jefferson County, Florida  
Tax Collector**

**Notes to Special-Purpose Financial Statements**

---

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Encumbrances***

Encumbrance accounting under which purchase orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation is employed as an extension of formal budgetary integration in the general fund. There were no encumbrances outstanding at year end.

**NOTE 3 – CASH**

***Cash Deposits***

At September 30, 2008, the carrying amount of the Jefferson County Tax Collector's deposits was \$982,694 and the bank balance was \$765,671. Deposits in banks and thrift institutions are collateralized as public funds through a state procedure provided for in Chapter 280, Florida Statutes. Financial institutions qualifying as public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof. All of the cash deposits of the Jefferson County Tax Collector were placed with a local bank under a banking services agreement and are classified as category one credit risk, which means they are insured or collateralized.

**NOTE 4 – EMPLOYEE BENEFITS**

***Pension Plan***

In accordance with Florida law, the Jefferson County Tax Collector participates in the Florida Retirement System (the System), which presently covers all qualified Jefferson County Tax Collector employees. This System was created by the Florida Legislature and is administered by the State of Florida, Department of Administration, Division of Retirement and is a cost-sharing, multi-employer defined benefit public retirement plan available to governmental units within the State of Florida. The payroll for the Jefferson County Tax Collector's employees covered by the System was \$225,500. The total payroll for the year ended September 30, 2008 was \$225,500.

All eligible employees of the Jefferson County Tax Collector participate in the System. Effective July 2, 2001, the System provides vesting of benefits after six years of creditable service. Regular class and Elected Officers' class members are eligible for normal retirement after they have met one of the following: 1) after thirty years of service, regardless of age; 2) six years of service and age 62; or 3) the age after 62 the member becomes vested. Early retirement may be taken any time after vesting; however, there is a 5% benefit reduction for each year prior to normal retirement. Benefits are computed on the basis of age, average final compensation and service credit. Average final compensation is the average of the five highest years of earnings.

**Jefferson County, Florida**  
**Tax Collector**  
**Notes to Special-Purpose Financial Statements**

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**NOTE 4 – EMPLOYEE BENEFITS (CONTINUED)**

***Pension Plan (continued)***

The System also provides death and disability benefits. Benefits are established by Florida Statutes.

The funding methods and the determination of benefits payable are provided in various acts of the Florida Legislature. These acts provide that employers, such as the Jefferson County Tax Collector, are required to contribute 9.85% of the compensation for regular members and 16.53% for elected officials (effective rates at September 30, 2008). During the years ended September 30, 2008, 2007 and 2006, the Jefferson County Tax Collector contributed \$27,671, \$28,339, and \$24,767, respectively. These contributions represented 100% of the Tax Collector's required contributions.

## Reports





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**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 Lois H. Hunter, Tax Collector  
Jefferson County, Florida  
Monticello, Florida

We have audited the combined financial statements of governmental activities, each major fund, and the aggregate remaining fund information of the Tax Collector of Jefferson County, Florida, as of and for the year ended September 30, 2008, and have issued our report thereon dated December 15, 2008. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Tax Collector of Jefferson County, Florida's internal control over financial reporting as a basis for designing our auditing procedures 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 Tax Collector's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tax Collector's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Tax Collector's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Tax Collector's financial statements that is more than inconsequential will not be prevented or detected by the Tax Collector's internal control.

To the Honorable Lois H. Hunter, Tax Collector  
Jefferson County, Florida  
Monticello, Florida

**CURRENT YEAR FINDING: Need for Segregation of Duties**

COMMENT: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not adequate.

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. At a minimum, we recommend the Tax Collector receive and review the unopened bank statements each month.

**CURRENT YEAR FINDING: Preparation of GAAP-based Financial Statements**

COMMENT: The Tax Collector has a capable individual providing bookkeeping services; however, the Tax Collector 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). Management relies on Carr, Riggs and Ingram to prepare their annual financial statements including the note disclosures.

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

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Tax Collector's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Tax Collector of Jefferson County, Florida'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*.

To the Honorable Lois H. Hunter, Tax Collector  
Jefferson County, Florida  
Monticello, Florida

The Tax Collector's response to the findings identified in our audit is described in the accompanying letter. We did not audit the Tax Collector's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Tax Collector, Board of County Commissioners and the State Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Cam, Riggs & Ingram, L.L.C.*

Tallahassee, Florida  
December 15, 2008

## INDEPENDENT AUDITORS' MANAGEMENT LETTER

Honorable Lois H. Hunter, Tax Collector  
Jefferson County, Florida  
Monticello, Florida

We have audited the financial statements of the Jefferson County, Florida Tax Collector, as of and for the fiscal year ended September 30, 2008, and have issued our report thereon dated December 15, 2008.

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. We have issued our Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 15, 2008. Disclosures in that report, if any, should be considered in conjunction with this management letter. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554 (1) (i)1.) require that we comment as to 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 significant findings or recommendations in the preceding annual financial audit.

As required by the Rules of the Auditor General (Section 10.554 (1)(i)2.), we determined the Jefferson County, Florida Tax Collector complied with the Florida Statutes Section 218.415, F.S., with regard to the investment of public funds.

The Rules of the Auditor General (Section 10.554 (1)(i)3.) requires that we comment regarding recommendations to improve the Jefferson County, Florida, Tax Collector's financial management, accounting procedures, and internal controls. We noted no such items requiring comment by us.

The Rules of the Auditor General (Sections 10.554 (1) (i) (4) require disclosure in the management letter of the following matters: violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. Our audit did not disclose any matters required to be disclosed by Rules of the Auditor General (Sections 10.554(1) (i) (4).

Honorable Lois H. Hunter, Tax Collector  
Jefferson County, Florida  
Monticello, Florida

Rules 10.554(1) (i) 5a., 5b., 5c1, 5c2, 5c3. require disclosure in the management letter based on the auditor's professional judgment matters that are inconsequential considering both quantitative and qualitative factors, including the following: violations of laws, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and were discovered within the scope of the audit; improper or illegal expenditures discovered within the scope of the audit; control deficiencies in internal control that are not significant deficiencies, including, but not limited to: improper or inadequate accounting procedures (e.g., the omission of required disclosures from the annual financial statements); failures to properly record financial transactions, other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit did not disclose any matters required to be disclosed by the above referenced Rules.

This management letter is intended for the information of the Jefferson County, Florida Tax Collector and management, and the State of Florida Office of the Auditor General. However, this report is a matter of public record and its distribution is not limited.

*Caru, Riggs & Ingram, L.L.C.*

Tallahassee, Florida  
December 15, 2008



*Lois H. Hunter, C.F.C.*

Jefferson County Tax Collector  
500 West Walnut Street  
Monticello, Florida 32344

Phone (850) 342-0147  
Fax (850) 342-0149

December 18, 2008

Mr. David W. Martin  
Auditor General, State of Florida  
111 West Madison Street  
Tallahassee, Florida 32399

Dear Mr. Martin:

This is in reply to our auditor's findings and recommendations contained in my audit report for the year ended September 30, 2008. Please be advised that I agree with the auditor's findings and recommendations, however, the cost/benefit ratio is far too costly for this office to hire additional personnel to accomplish adequate segregation of duties and to prepare financial statements on my own. Accordingly, I will continue to utilize the current procedures regarding review of unopened bank statements each month and will continue to utilize Carr, Riggs & Ingram to prepare my financial statements each year.

Respectfully,

Jefferson County, Florida Tax Collector

Lois Howell-Hunter  
Tax Collector