

FINANCIAL STATEMENTS AND AUDITOR'S REPORT
THE COUNTY OF JEFFERSON, FLORIDA
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007

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MANAGEMENTS'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, 2007. It should be read in conjunction with the County's financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

- The County's net assets decreased as a result of this year's operations. Net assets of our governmental activities increased by \$626,519, or 5.30%. The County does not have any business-type activities.
- During the year, the County generated tax and other revenues of \$626,519 less than the \$22.08 million of its governmental program expenses. This compares to last year, however, when revenues exceeded expenses by \$736,453.
- The total cost of the County's programs increased by \$4,320,598 over the preceding year (or 24.30%).
- The general fund reported a decrease of \$1,265,728 including net transfers of \$2,816,739 to other funds.
- The resources available for appropriation were \$502,842 lower than budgeted for the general fund. However, we kept expenditures within spending limits and came in \$484,580 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 9 and 10-11) 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 12. These statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statement for Fiduciary Funds provides financial information about activities for which the County acts solely as a trustee or agent for the benefit of others outside of the County.

Reporting the County as a Whole

Our analysis of the County as a whole is detailed later in this discussion. One of the most frequently asked questions about the County's finances is "Is the County as a whole better off or worse off as a result of this year's activities?" The Statement of Net 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 12 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 decreased by \$626,519 from a year ago. Our analysis is detailed below regarding Table 1, net assets and Table 2, changes in net assets.

Table 1
NET ASSETS

	Governmental Activities	
	<u>9/30/2007</u>	<u>9/30/2006</u>
Current assets	\$ 7,130,032	\$ 7,496,287
Capital assets	7,172,677	7,580,364
Total assets	<u>14,302,709</u>	<u>15,076,651</u>
Long-term debt outstanding	2,437,769	2,633,949
Other liabilities	671,291	622,534
Total liabilities	<u>3,109,060</u>	<u>3,256,483</u>
Net assets:		
Invested in capital assets, net of debt	4,538,728	4,723,954
Restricted	3,300,027	4,317,231
Unrestricted	<u>3,354,894</u>	<u>2,778,983</u>
Total net assets	<u>\$ 11,193,649</u>	<u>\$ 11,820,168</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, increased by \$575,911 (or 20.7%) over the prior year.

Restricted net assets decreased by \$1,017,204 (or 23.6%) from the prior year.

The primary reason for the decrease in unrestricted net assets was a significant increase in spending for transportation related expenditures and grant expenditures without budgeted transfers from available unrestricted net assets. These expenses were a result of the hurricanes suffered in the last few years back to 2003 and increased spending within some grant programs.

Table 2
Changes in Net Assets

	Governmental Activities	
	<u>9/30/2007</u>	<u>9/30/2006</u>
Revenues		
Program revenues:		
Charges for services	\$ 1,539,880	\$ 3,359,475
Federal and state grants	7,342,259	5,894,099
General revenues:		
Property and other taxes	9,720,639	8,465,887
Intergovernmental revenues	2,434,138	516,538
Other general revenues	416,958	260,249
Total revenues	<u>21,453,874</u>	<u>18,496,248</u>
Program expenses:		
General government	5,583,729	3,720,780
Transportation	5,913,584	5,015,314
Public safety and judiciary	5,621,320	4,537,399
Health and sanitation	2,191,631	1,774,901
Economic development	2,048,139	2,225,701
Veterans affairs	8,910	24,121
Culture and recreation	503,635	234,489
Interest on long-term debt	209,445	227,090
Total program expenses	<u>22,080,393</u>	<u>17,759,795</u>
Increase (decrease) in net assets	\$ <u>(626,519)</u>	\$ <u>736,453</u>

The County's total revenue increased by 16.0%, or \$2,957,626 during the year while total expenses increased by 24.3%, or \$4,320,598. The growth in total revenues was due primarily to an increase 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 \$6.65 million, which is a decrease of \$441,293 over the prior year. Included in this year's total change in fund balance is a decrease of \$1,265,728 in the County's general fund balance. The general fund had an excess of revenues over expenditures of \$1,551,011 and net transfers to other funds of \$2,816,739 resulting in the decrease in fund balance noted above. In addition, these other changes in fund balances should be noted:

- The County transportation trust fund experienced an excess of revenues over expenditures of \$16,254 and had no transfers to other funds resulting in an increase in fund balance of the same amount.

- The fine and forfeiture fund incurred an excess of expenditures over revenues of \$1,948,277 and had transfers from other funds of \$2,106,280 resulting in an increase in fund balance of \$158,003.
- The sales tax fund had an excess of revenues over expenditures of \$765,918 and transfers to other funds of \$532,684 resulting in a net increase in fund balance of \$233,234.
- The capital projects fund incurred a deficit of expenditures over revenues of \$604,278 and transfers from other funds of \$715,000 resulting in an increase in fund balance of \$110,722.

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 most every fiscal year. After considering these amendments, the general fund actual revenues were under budget by \$502,842.

Overall expenditures were less than amounts appropriated by \$484,580. Operating expenditures were less than appropriations primarily in the areas of the County jail, 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 \$7.17 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 increase (including additions and deletions) of \$144,246 over last year. Table 3 below details the composition of these assets.

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

	Governmental Activities	
	<u>9/30/2007</u>	<u>9/30/2006</u>
Land	\$ 671,164	\$ 671,164
Buildings & Improvements	5,094,521	5,280,595
Equipment	1,814,679	1,721,524
Infrastructure	<u>-</u>	<u>-</u>
Totals	<u>\$ 7,580,364</u>	<u>\$ 7,673,283</u>

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

Debt

The County had various installment purchase obligations of \$73,949 and Revenue Bonds of \$2,560,000 outstanding at the end of the 2007 fiscal year, a decrease of \$222,461, as shown in Table 4.

Table 4
Outstanding Debt at Year-end

	Governmental Activities	
	9/30/2007	9/30/2006
Installment obligations	\$ 73,949	\$ 153,410
Revenue bond	<u>2,560,000</u>	<u>2,703,000</u>
Totals	<u>\$ 2,633,949</u>	<u>\$ 2,856,410</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 1st 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 2008 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 by approximately 17% for 2008; 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 of approximately \$800,000 for the 2008 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.

BETTS, ROGERS, SCHENCK & JONES
CERTIFIED PUBLIC ACCOUNTANTS
PROFESSIONAL ASSOCIATION

MEMBERS
PRIVATE COMPANIES
PRACTICE SECTION OF THE
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

May 27, 2008

INDEPENDENT AUDITOR'S REPORT

The Honorable Members of
the Board of County Commissioners
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 of the County of Jefferson, Florida ("County") as of and for the year ended September 30, 2007, 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. 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 of the County of Jefferson, Florida, as of September 30, 2007, and the respective changes in financial position thereof 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 May 27, 2008, 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 our report on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The budgetary comparison schedules reflected in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 nonmajor 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 combining nonmajor fund financial statements and combining statement of net assets for fiduciary funds have been subjected to the auditing 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.

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 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 and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Beth, Regen, Schuch, & Jones

JEFFERSON COUNTY, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2007

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash, including time deposits	\$ 5,319,810
Investments	432,812
Accrued interest receivable	458
Accounts receivable	353,771
Due from other governments	905,007
Inventory of supplies	<u>118,174</u>
Total current assets	<u>7,130,032</u>
Noncurrent assets:	
Capital assets (net)	<u>7,172,677</u>
Total assets	<u>14,302,709</u>
LIABILITIES	
Current liabilities:	
Accounts payable	475,111
Capital lease obligations	47,180
Public improvement revenue bonds payable	<u>149,000</u>
Total current liabilities	<u>671,291</u>
Noncurrent liabilities:	
Capital lease obligations	26,769
Public improvement revenue bonds payable	<u>2,411,000</u>
Total noncurrent liabilities	<u>2,437,769</u>
Total liabilities	<u>3,109,060</u>
NET ASSETS	
Invested in capital assets, net of related debt	4,538,728
Reserved for inventory	118,174
Restricted for:	
Debt service	229,208
Capital projects	111,485
Law enforcement	886,319
Solid waste	504,794
Fire safety	647,630
Emergency communications	802,417
Unrestricted	<u>3,354,894</u>
Total net assets	<u>\$ 11,193,649</u>

JEFFERSON COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
Year ended September 30, 2007

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Fees, Fines and Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government:				
Board of County Commissioners	\$ 1,467,833	\$ 175,331	\$ 401,564	\$ (890,938)
Tax Collector	401,396	229,688	-	(171,708)
Property Appraiser	423,791	6,495	-	(417,296)
Clerk of the Circuit Court	136,818	-	-	(136,818)
Supervisor of Elections	206,986	742	-	(206,244)
Other general government	2,946,905	39,759	-	(2,907,146)
Total general government	5,583,729	452,015	401,564	(4,730,150)
Transportation:				
County roads and bridges	5,913,584	25,843	4,587,968	(1,299,773)
Public safety and judiciary:				
Ambulance service	914,036	544,094	-	(369,942)
Law enforcement	3,343,087	198,262	92,884	(3,051,941)
Fire	570,073	16,867	-	(553,206)
County jail	277,114	-	-	(277,114)
Emergency management and communications	261,812	-	294,498	32,686
State attorney	20,693	-	-	(20,693)
Public defender	25,482	-	-	(25,482)
Building inspection	133,757	167,406	-	33,649
Other public safety and judiciary	75,266	-	-	(75,266)
Total public safety and judiciary	5,621,320	926,629	387,382	(4,307,309)
Health and sanitation:				
Health department	118,250	26,702	-	(91,548)
Refuse and solid waste	1,860,917	108,691	246,881	(1,505,345)
Indigent health care	173,264	-	-	(173,264)
Mental health	39,200	-	-	(39,200)
Total health and sanitation	2,191,631	135,393	246,881	(1,809,357)
Economic development:				
Economic development	43,281	-	-	(43,281)
Housing assistance	1,745,711	-	1,578,071	(167,640)
Agriculture/soil conservation	259,147	-	-	(259,147)
Total economic development	2,048,139	-	1,578,071	(470,068)

JEFFERSON COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
Year ended September 30, 2007

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Fees, Fines and Charges for Services	Operating Grants and Contributions	
Veterans affairs:				-
Veterans affairs	8,910	-	-	(8,910)
Total veterans affairs	8,910	-	-	(8,910)
Culture and recreation:				-
Library	243,552	-	140,393	(103,159)
Recreation	260,083	-	-	(260,083)
Total culture and recreation	503,635	-	140,393	(363,242)
Interest charges	209,445	-	-	(209,445)
Total governmental activities	\$ 22,080,393	\$ 1,539,880	\$ 7,342,259	(13,198,254)

General revenues:

Taxes:

Ad valorem	4,922,862
Racing taxes	223,250
Sales	2,491,467
E-911 taxes	153,867
Gasoline	1,901,128
Intergovernmental	2,434,138
Card Room tax	10,657
Tourist Development	17,408
Miscellaneous	416,958
Total general revenues	12,571,735

Change in net assets	(626,519)
Net assets - beginning of the year	11,820,168
Net assets - end of the year	\$ 11,193,649

JEFFERSON COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2007

ASSETS							Total Governmental Funds
General Fund	County Transportation Trust Fund	Fine & Forfeiture Fund	Sales Tax Fund	Capital Projects Fund	Other Governmental Funds		
Cash	\$ 3,706,204	\$ 179,280	\$ 349,859	\$ -	\$ 11,536	\$ 1,072,921	\$ 5,319,810
Investments	128,163	290,222	14,427	-	-	-	432,812
Accrued interest receivable	-	-	349	-	-	-	458
Accounts receivable	353,771	109	-	-	-	-	353,771
Due from other agencies	-	-	-	-	-	-	-
Due from other funds	-	-	916,802	1,366,157	98,949	2,242,219	4,625,127
Due from other governments	477,260	200,788	36,433	73,076	-	117,450	905,007
Loan to other fund	154,838	-	-	-	-	-	154,838
Inventory of supplies	-	118,174	-	-	-	-	118,174
Total assets	\$ 4,820,238	\$ 788,573	\$ 1,317,880	\$ 1,439,233	\$ 111,485	\$ 3,432,580	\$ 11,909,997
LIABILITIES							
Accounts payable	\$ 355,440	\$ 56,382	\$ 10,928	\$ -	\$ -	\$ 52,361	\$ 475,111
Due to other agency	-	-	-	-	-	-	-
Due to other funds	3,964,712	589,777	-	-	-	70,838	4,625,127
Loan from other fund	-	-	-	-	-	154,838	154,838
Total liabilities	4,320,152	646,159	10,928	-	-	277,837	5,255,076
FUND BALANCES							
Reserved for:							
Inventories	-	118,174	-	-	-	-	118,174
Law enforcement	-	-	886,319	-	-	-	886,319
Unreserved, reported in:							
General fund	500,084	-	-	-	-	-	500,084
County transportation trust fund	-	24,240	-	-	-	-	24,240
Sales tax fund	-	-	-	1,439,233	-	-	1,439,233
Fine & forfeiture fund	-	-	-	-	-	-	-
Capital projects fund	-	-	420,633	-	-	-	420,633
Debt service fund	-	-	-	-	111,485	-	111,485
Special revenue funds	-	-	-	-	-	228,208	228,208
	-	-	-	-	-	2,925,645	2,925,645
Total fund balances	500,084	142,414	1,306,952	1,439,233	111,485	3,154,753	6,654,821
Total liabilities and fund balances	\$ 4,820,238	\$ 788,573	\$ 1,317,880	\$ 1,439,233	\$ 111,485	\$ 3,432,580	
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 \$34,627,578							
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:							
Capital lease obligations							
Public Improvement Revenue Bonds							
Net assets of governmental activities							
See accompanying notes to the basic financial statements.							

JEFFERSON COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2007

	General Fund	County Transportation Trust Fund	Fine and Forfeiture Fund	Sales Tax Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 3,965,935	\$ 690,886	\$ 974,338	\$ 765,918	\$ -	\$ 438,277	\$ 6,835,354
Licenses and permits	342,737	-	-	-	-	-	342,737
Intergovernmental	3,091,667	1,037,457	92,894	-	4,587,968	1,860,934	10,870,910
Charges for services	973,036	25,843	17,815	-	-	-	1,016,696
Fines and costs	-	-	149,953	-	-	-	149,953
Miscellaneous	213,701	35,136	46,958	-	74,404	2,068,025	2,438,224
Total revenues	8,587,078	1,789,322	1,281,948	765,918	4,662,372	4,367,236	21,453,874
EXPENDITURES							
Current:							
General government:							
Board of county commissioners	1,419,700	-	-	-	-	-	1,419,700
County attorney	52,680	-	-	-	-	-	52,680
Property appraiser	421,378	-	-	-	-	-	421,378
Tax collector	401,396	-	-	-	-	-	401,396
Clerk of the circuit court	128,619	-	-	-	-	-	128,619
Supervisor of elections	204,235	-	-	-	-	-	204,235
County planning	198,205	-	-	-	-	-	198,205
Other general government	328,645	-	-	-	1,103,379	-	1,432,024
Total general government	3,154,858	-	-	-	1,103,379	-	4,258,237
Transportation:							
County roads and bridges	-	1,882,818	-	-	4,163,271	-	5,846,089
Total transportation	-	1,882,818	-	-	4,163,271	-	5,846,089
Public safety and judiciary:							
Law enforcement	-	-	-	-	-	-	-
State attorney	20,693	-	3,029,959	-	-	-	3,029,959
Public defender	24,445	-	-	-	-	-	20,693
Fire control and safety	11,279	-	-	-	-	-	24,445
County jail	277,114	-	-	-	-	459,906	471,185
Animal control	26,488	-	-	-	-	-	277,114
Building inspection	153,271	-	-	-	-	-	26,488
Construction licensing	12,207	-	-	-	-	-	153,271
Emergency management	179,136	-	-	-	-	-	12,207
Ambulance service	875,524	-	-	-	-	74,696	253,831
Medical examiner	41,985	-	-	-	-	-	875,524
Total public safety and judiciary	1,622,142	-	3,029,959	-	-	534,601	41,985
							5,186,702

JEFFERSON COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2007

	General Fund	County Transportation Trust Fund	Fine and Forfeiture Fund	Sales Tax Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Health and sanitation:							
Health department	118,250	-	-	-	-	-	118,250
Mental health	39,200	-	-	-	-	-	39,200
Refuse and solid waste	232,224	-	-	-	-	-	232,224
Indigent health care	173,264	-	-	-	-	1,423,627	1,696,851
Total health and sanitation	562,938	-	-	-	-	1,423,627	1,986,565
Economic development:							
Economic development	43,281	-	-	-	-	-	43,281
Housing assistance	-	-	-	-	-	1,743,292	1,743,292
Job training	-	-	-	-	-	-	-
Food distribution	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-
Agriculture/soil conservation	271,965	-	-	-	-	-	271,965
Total economic development	315,246	-	-	-	-	1,743,292	2,058,538
Veterans affairs:							
Veterans affairs	8,910	-	-	-	-	-	8,910
Total veterans affairs	8,910	-	-	-	-	-	8,910
Culture and recreation:							
Library	247,825	-	-	-	-	-	247,825
Recreation	259,624	-	-	-	-	-	259,624
Total culture and recreation	507,449	-	-	-	-	-	507,449
Debt service:							
Principal	-	-	-	-	-	358,000	358,000
Interest	-	-	-	-	-	209,445	209,445
Total debt service	-	-	-	-	-	567,445	567,445
Capital outlay	864,524	90,250	200,266	-	-	296,241	1,454,281
Total expenditures	7,036,067	1,773,068	3,230,225	-	5,266,650	4,568,208	21,874,216
Excess (deficiency) of revenues over expenditures	1,551,011	16,254	(1,948,277)	765,918	(604,278)	(200,970)	(420,342)
OTHER FINANCING SOURCES (USES)							
Transfers in	532,684	-	2,106,280	-	715,000	528,143	3,882,107
Transfers out	(3,349,423)	-	-	(532,684)	-	-	(3,882,107)
Total other financing sources and (uses)	(2,816,739)	-	2,106,280	(532,684)	715,000	528,143	-
Net change in fund balances	(1,265,728)	16,254	158,003	233,234	110,722	327,173	(420,342)
Fund balance - beginning	1,765,812	7,986	1,148,949	1,205,898	763	2,827,580	6,957,089
Fund balance - ending	\$ 500,084	\$ 24,240	\$ 1,306,952	\$ 1,439,233	\$ 111,485	\$ 3,154,753	\$ 6,536,747

See accompanying notes to the basic financial statements.

**JEFFERSON COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2007**

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 \$ (420,342)

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	497,878
Depreciation expense	(742,044)
Capital asset dispositions	(184,472)

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	79,461
Public Improvement Revenue Bond principal payments	<u>143,000</u>

Change in Net Assets of Governmental Activities	<u>\$ (626,519)</u>
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**JEFFERSON COUNTY, FLORIDA
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
September 30, 2007**

	Agency Funds
ASSETS	
Cash	\$ 1,470,131
Total assets	<u>\$ 1,470,131</u>
LIABILITIES	
Due to other agencies	\$ 966,887
Deposits held in escrow	<u>503,244</u>
Total liabilities	<u>\$ 1,470,131</u>

The County of Jefferson, Florida
NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE A - 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.

1. 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 of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2007

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.

2. 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:

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2007

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.

County Transportation Trust Fund-

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

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.

Capital Projects Fund-

Capital Projects Fund is used to account for funds received and expended for construction, renovation, expansion and major improvement of various County facilities, acquisition of land and other large nonrecurring projects.

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2007

3. 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.

4. 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 County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2007

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.

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 2006 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.

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2007

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.

5. 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.

6. 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.

7. 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.

8. 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 County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2007

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

9. 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.

10. 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.

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2007

Sick leave is granted at the same rate as annual leave with a thirty day maximum accumulation. 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.

NOTE B – CASH AND INVESTMENTS

All bank accounts of the Board 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 Board's carrying amount of cash deposits was \$5,319,810 and the bank balances were \$5,851,775 at September 30, 2007. These balances are considered to be 100% insured for risk disclosure purposes.

Investments are recorded at cost which approximates market value and are comprised of funds on deposit with the State Board of Administration and the State Treasurer's office which earn interest at variable rates.

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2007

NOTE C - 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, 2007, and no further allowance is considered necessary. Bad debt expense for the year was \$234,510.

NOTE D - 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.

NOTE E - CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2007, was as follows:

	Balance at 9/30/2006	Additions	Deletions	Balance at 9/30/2007
Governmental activities:				
Land	\$ 671,163	\$178,499	\$ 12,335	\$ 837,327
Buildings & improvements	7,387,141	-	337,351	7,049,790
Equipment	7,557,166	319,379	3,946	7,872,599
Infrastructure	<u>26,040,640</u>	<u>-</u>	<u>-</u>	<u>26,040,640</u>
Totals at historical cost	<u>41,656,110</u>	<u>497,878</u>	<u>353,632</u>	<u>41,800,356</u>
Less accumulated depreciation:				
Buildings & improvements	(2,292,619)	(177,638)	186,244	(2,284,013)
Equipment	(5,742,487)	(564,405)	3,866	(6,303,026)
Infrastructure	<u>(26,040,640)</u>	<u>-</u>	<u>-</u>	<u>(26,040,640)</u>
Total accumulated depreciation	<u>(34,075,746)</u>	<u>(742,043)*</u>	<u>190,110</u>	<u>(34,627,679)</u>
Governmental activities capital Assets, net	\$ <u>7,580,364</u>	\$ <u>(244,165)</u>	\$ <u>163,522</u>	\$ <u>7,172,677</u>

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2007

*Depreciation expense was charged to governmental activities as follows:

General government:	
Board of County Commissioners	\$226,632
Public defender	1,037
Property Appraiser	10,922
Clerk of the Circuit Court	8,199
Supervisor of Elections	<u>2,751</u>
Total general government	<u>249,541</u>
Transportation:	
County road department	<u>140,917</u>
Public safety and judiciary:	
Emergency management	11,280
Ambulance service	38,512
Law enforcement	112,862
Fire department	38,963
Building inspection	2,273
Other public safety	<u>3,168</u>
Total public safety and judiciary	<u>207,058</u>
Health and sanitation:	
Refuse and solid waste	<u>126,788</u>
Economic development:	
Grants department	2,419
Agriculture/soil conservation	<u>10,525</u>
Total economic development	<u>12,944</u>
Culture and recreation:	
Recreation	2,668
Library	<u>2,128</u>
Total culture and recreation	<u>4,796</u>
 Total depreciation expense	 <u>\$ 742,044</u>

NOTE F - 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.

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2007

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, 2007 follows:

	<u>Balance</u> <u>9/30/2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/2007</u>
Installment				
Obligations	\$ 153,410	\$ -	\$ 79,461	\$ 73,949
Revenue bond	<u>2,703,000</u>	<u>-</u>	<u>143,000</u>	<u>2,560,000</u>
	<u>\$2,856,410</u>	<u>\$ -</u>	<u>\$ 222,461</u>	<u>\$2,633,949</u>

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2007

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2007 are as follows:

Year ended September 30:	<u>Governmental Activities</u>			
	Installment Obligations		Revenue Bonds	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 73,949	\$ 4,732	\$ 149,000	\$ 115,200
2009	-	-	156,000	108,495
2010	-	-	163,000	101,475
2011	-	-	170,000	94,140
2012	-	-	178,000	86,490
2013-2017	-	-	1,017,000	304,920
2018-2020	-	-	727,000	66,375
Totals	<u>\$ 73,949</u>	<u>\$ 4,732</u>	<u>\$ 2,560,000</u>	<u>\$ 877,095</u>

NOTE G – 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, or other funds, to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2007

Operating transfers during the year ended September 30, 2007 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Purpose</u>
General fund:			
Fine & Forfeiture fund	\$ -	\$2,106,280	(1)
Sales Tax Fund	532,684	-	(1)
Capital Projects Fund	-	715,000	(1)
Nonmajor governmental	-	<u>528,143</u>	(1)(2)
Total General Fund	<u>532,684</u>	<u>3,349,423</u>	
Fine & Forfeiture Fund:			
General Fund	<u>2,106,280</u>	-	(1)
Sales Tax Fund:			
General Fund	-	<u>532,684</u>	(1)
Capital Projects Fund			
General Fund	<u>715,000</u>	-	(1)
Total Nonmajor Funds	<u>528,143</u>	-	(1)
Grand Totals	<u>\$ 3,882,107</u>	<u>\$3,882,107</u>	

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 purposes of individual fund interfund receivable and payable balances at September 30, 2007 were for pooling of cash balances and loans to other funds. None of the balances are expected to be repaid within the next fiscal year.

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Fine and Forfeiture Fund	\$ 916,802	\$ -
General Fund	-	3,964,712
County Transportation		
Trust Fund	-	589,777
Capital Projects Fund	99,949	-
Sales Tax Fund	1,366,157	-
Nonmajor Governmental Funds	<u>2,242,218</u>	<u>70,637</u>
	<u>\$ 3,891,880</u>	<u>\$ 3,891,880</u>

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2007

NOTE H - 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, 2007.
- 2) Excesses of expenditures over appropriations in individual funds. During the 2006-2007 fiscal year, there were no funds with excesses of expenditures over appropriations.

NOTE I - 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.

NOTE J - 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 K - 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.

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2007

NOTE K - RETIREMENT PROGRAM - CONTINUED

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 Chapter 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.

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2007

NOTE K - RETIREMENT PROGRAM - CONTINUED

As of September 30, 2007 the contribution rates were as follows:

	<u>Percent of Gross Salary</u>	
	<u>Employer</u>	<u>Employee</u>
Florida Retirement System, Regular	0.00	9.85%
Florida Retirement System, County Elected Officers	0.00	16.53%

The County's 2006-2007 fiscal year payroll for all employees totaled \$2,303,080 including \$2,290,342 paid to employees who were members of the Florida Retirement System. Required contributions made to the Florida Retirement System in fiscal years ended September 30, 2007, 2006 and 2005 totaled \$291,500, \$255,582 and \$234,695, respectively.

The Governmental Accounting Standards Board has established the actuarial present value of credited projected benefits as the standardized measure that a public employee retirement system such as the Florida Retirement System must use to determine the amount of its total pension benefit obligation. Use of a standardized method by public employee retirement systems enables financial statement readers to: (1) assess the funding status on a going-concern basis; (2) assess progress made in accumulating assets to pay benefits when due; and (3) make comparisons with other systems and other employers. The actuarial-present-value-of credited-projected-benefits valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee member services performed to date and is adjusted for the effects of projected salary increases.

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2007

NOTE K - RETIREMENT PROGRAM - CONTINUED

The total unfunded actuarial accrued liability of the Florida Retirement System as of July 1, 2000 was as follows:

	<u>(In Billions)</u>
Total actuarial accrued liability	\$74,949
Less, actuarial value of assets	<u>88,503</u>
Unfunded actuarial accrued liability	\$(<u>13,554</u>)

Measurement of the above items is based on an actuarial valuation as of July 1, 2000.

The County's 2006-2007 fiscal year required contribution to the Florida Retirement System represents a negligible percent of the total current-year actuarially determined contribution requirements for all participating employers.

Ten-year historical trend information is presented in the annual financial report of the Florida Retirement System. The information is useful in assessing the accumulation of assets to pay pension benefits as they become due.

During the 2006-2007 fiscal year and as of June 30, 2007, the Florida Retirement System held no securities issued by the County.

NOTE L - LANDFILL CLOSURE AND POSTCLOSURE 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 \$117,669 per year for the next 20 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 County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2007

NOTE M - 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, 2007.

Information regarding the bond issue is as follows:

Amount of Issue:	\$3,600,000	
Date of Issue:	September 1, 1992	
Maturity Dates:	May 1, 2008	\$ 225,000
	May 1, 2009	240,000
	May 1, 2010	255,000
	May 1, 2011	270,000
	May 1, 2012	<u>285,000</u>
		<u>\$1,275,000</u>

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2007

NOTE N - RESERVED FUND BALANCES

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

Special Revenue Funds:

County Transportation Trust Fund - Reserve for inventory of supplies	\$ 118,174
Solid Waste Fund - Reserve for solid waste use	504,794
Fire Assessment Fund - Reserve for fire safety	647,630
Emergency Communications Fund - Reserve for emergency communications	802,417
Fine and Forfeiture Fund - Reserve for special law enforcement fund, court education fund and communications trust fund	<u>886,319</u>
	<u>\$2,959,334</u>

Capital Projects Fund - Reserve for road construction	\$ <u>111,485</u>
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Debt Service Fund - Reserve for debt service	\$ <u>229,208</u>
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The reserve for debt service in the debt service fund is the accumulation of pledged gasoline tax revenues discussed in Note M above.

NOTE O - 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 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
- Automobile Liability
- Comprehensive General Liability

Amounts of settlements have not exceeded insurance coverage limits in the past three years.

REQUIRED SUPPLEMENTAL INFORMATION

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
Beginning budgetary fund balance	<u>\$ 1,765,812</u>	<u>\$ 1,765,812</u>	<u>\$ 1,765,812</u>	<u>\$ -</u>
Resources (Inflows):				
Taxes:				
Tourist Development	-	17,400	17,408	8
Ad valorem	<u>4,148,989</u>	<u>4,148,989</u>	<u>3,948,527</u>	<u>(200,462)</u>
Total taxes	<u>4,148,989</u>	<u>4,166,389</u>	<u>3,965,935</u>	<u>(200,454)</u>
Licenses and permits:				
Occupational licenses	7,500	7,500	9,760	2,260
Contractors licenses	6,500	6,500	7,155	655
Building permits	140,000	140,000	167,406	27,406
Development code permits	<u>145,000</u>	<u>145,000</u>	<u>158,416</u>	<u>13,416</u>
Total licenses and permits	<u>299,000</u>	<u>299,000</u>	<u>342,737</u>	<u>43,737</u>
Intergovernmental:				
Emergency management grants	129,194	129,194	75,604	(53,590)
Diabetes grant	103,000	103,000	77,250	(25,750)
Small County Courthouse Facilities	350,000	350,000	350,000	-
Small county technical assistance	-	8,000	8,000	-
COOP grant	-	43,560	43,564	4
Child support incentive grant	660	660	661	1
State library aid	139,539	139,539	140,393	854
State revenue sharing	279,152	279,152	282,903	3,751
Insurance agent licenses	15,000	15,000	17,834	2,834
Mobile home licenses	7,500	7,500	6,695	(805)
Alcoholic beverage licenses	1,500	1,500	2,888	1,388
Cardroom tax	-	10,650	10,657	7
Racing taxes	111,625	111,625	111,625	-
State sales taxes	1,629,094	1,629,094	1,725,549	96,455
Emergency management grants	-	218,890	218,894	4
State payments in lieu of taxes	<u>9,000</u>	<u>9,000</u>	<u>19,150</u>	<u>10,150</u>
Total intergovernmental	<u>2,775,264</u>	<u>3,056,364</u>	<u>3,091,667</u>	<u>35,303</u>
Charges for services:				
Ambulance fees	300,000	300,000	544,094	244,094
Tax collector fees	225,000	225,000	229,688	4,688
Other elected officials fees	-	740	742	2
Value adjustment board petitions	-	6,495	6,495	-
Recovery fees	-	3,220	3,223	3
Fire rescue impact fees	10,000	10,000	16,867	6,867
Medical services impact fees	15,000	15,000	26,702	11,702
Animal control fees	2,000	2,000	5,335	3,335
Recording & indexing	25,000	25,000	31,201	6,201
Garbage and refuse fees	<u>85,000</u>	<u>85,000</u>	<u>108,691</u>	<u>23,691</u>
Total charges for services	<u>662,000</u>	<u>672,455</u>	<u>973,038</u>	<u>300,583</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
Miscellaneous:				
Interest	-	65,470	65,471	1
Sale of surplus property	-	500	500	-
Rent income	1,500	21,100	19,933	(1,167)
Other miscellaneous income	-	320,490	127,797	(192,693)
Total miscellaneous	<u>1,500</u>	<u>407,560</u>	<u>213,701</u>	<u>(193,859)</u>
Other financing sources:				
Transfers in	<u>1,020,836</u>	<u>1,020,836</u>	<u>532,684</u>	<u>(488,152)</u>
Total resources (inflows)	<u>8,907,589</u>	<u>9,622,604</u>	<u>9,119,762</u>	<u>(502,842)</u>
Amounts available for appropriation	<u>10,673,401</u>	<u>11,388,416</u>	<u>10,885,574</u>	<u>(502,842)</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
Charges to appropriations				
(outflows):				
Board of County Commissioners:				
Personal services	364,007	364,007	291,733	72,274
Operating expenses	272,028	273,237	483,828	(210,591)
Capital outlay	608,331	608,331	644,139	(35,808)
Total Board of County				
Commissioners	<u>1,244,366</u>	<u>1,245,575</u>	<u>1,419,700</u>	<u>(174,125)</u>
County Coordinator:				
Personal services	115,950	115,950	43,020	72,930
Operating expenses	19,500	19,500	5,597	13,903
Capital outlay	19,550	19,550	14,377	5,173
Total County Coordinator	<u>155,000</u>	<u>155,000</u>	<u>62,994</u>	<u>92,006</u>
County Attorney:				
Operating expenses	106,069	106,069	52,680	53,389
Property Appraiser:				
Personal services	305,500	305,500	306,543	(1,043)
Operating expenses	180,340	180,340	114,835	65,505
Capital outlay	-	-	-	-
Total property appraiser	<u>485,840</u>	<u>485,840</u>	<u>421,378</u>	<u>64,462</u>
Tax Collector:				
Personal services	270,000	270,000	272,386	(2,386)
Operating expenses	135,962	135,962	92,045	43,917
Capital outlay	40,000	40,000	36,965	3,035
Total tax collector	<u>445,962</u>	<u>445,962</u>	<u>401,396</u>	<u>44,566</u>
County Court:				
Operating expenses	6,150	6,150	1,371	4,779
Capital outlay	1,000	1,000	-	1,000
Total county court	<u>7,150</u>	<u>7,150</u>	<u>1,371</u>	<u>5,779</u>
Clerk of the Circuit Court:				
Operating expenses	93,619	128,619	128,619	-
Total clerk of the circuit court	<u>93,619</u>	<u>128,619</u>	<u>128,619</u>	<u>-</u>
State attorney:				
Operating expenses	19,300	19,300	16,432	2,868
Capital outlay	4,500	4,500	4,260	240
Total state attorney	<u>23,800</u>	<u>23,800</u>	<u>20,692</u>	<u>3,108</u>
Public defender:				
Operating expenses	19,190	19,190	17,985	1,205
Capital outlay	21,400	21,400	6,460	14,940
Total public defender	<u>40,590</u>	<u>40,590</u>	<u>24,445</u>	<u>16,145</u>
Court administration:				
Operating expenses	55,794	55,794	51,964	3,830
Capital outlay	2,102	2,102	150	1,952
Total court administration	<u>57,896</u>	<u>57,896</u>	<u>52,114</u>	<u>5,782</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Supervisor of elections:				
Personnel services	125,890	125,890	125,771	119
Operating expenses	87,496	87,496	78,464	9,032
Total supervisor of elections	213,386	213,386	204,235	9,151
Grants management:				
Personnel services	62,368	62,368	74,945	(12,577)
Operating expenses	10,225	10,225	7,106	3,119
Capital outlay	-	-	-	-
Total grants management	72,593	72,593	82,051	(9,458)
Courthouse and annexes:				
Personnel services	24,678	24,678	24,657	21
Operating expenses	122,990	122,990	107,200	15,790
Capital outlay	893,961	893,961	849,997	43,964
Total courthouse and annexes	1,041,629	1,041,629	981,854	59,775
County planning:				
Personnel services	137,076	137,076	128,793	8,283
Operating expenses	79,360	79,360	67,544	11,816
Capital outlay	17,000	17,000	1,868	15,132
Total county planning	233,436	233,436	198,205	35,231
Economic development:				
Operating expenses	43,500	43,500	43,281	219
Legislative Committee:				
Operating expenses	2,000	2,000	4,000	(2,000)
Traffic safety committee:				
Operating expenses	-	10,000	8,785	1,215
Veterans affairs:				
Personnel services	11,173	11,173	5,528	5,645
Operating expenses	12,791	12,791	3,383	9,408
Total veterans affairs	23,964	23,964	8,911	15,053
Fire control:				
Operating expenses	11,300	11,300	11,279	21
County jail:				
Operating expenses	384,985	384,985	274,614	110,371
Capital outlay	5,000	5,000	2,500	2,500
Total county jail	389,985	389,985	277,114	112,871
Building inspection:				
Personnel services	180,234	180,234	121,963	58,271
Operating expenses	27,950	27,950	9,521	18,429
Capital outlay	26,000	26,000	21,787	4,213
Total building inspection	234,184	234,184	153,271	80,913

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
Medical examiner:				
Operating expenses	<u>33,000</u>	<u>33,000</u>	<u>41,985</u>	<u>(8,985)</u>
Emergency management:				
Personnel services	<u>94,145</u>	<u>94,145</u>	<u>84,445</u>	<u>9,700</u>
Operating expenses	<u>62,961</u>	<u>62,961</u>	<u>88,691</u>	<u>(25,730)</u>
Capital outlay	<u>8,000</u>	<u>8,000</u>	<u>6,000</u>	<u>2,000</u>
Total emergency management	<u>165,106</u>	<u>165,106</u>	<u>179,136</u>	<u>(14,030)</u>
Construction industry licensing:				
Personnel services	<u>1,125</u>	<u>1,125</u>	<u>12,207</u>	<u>(11,082)</u>
Operating expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total construction licensing	<u>1,125</u>	<u>1,125</u>	<u>12,207</u>	<u>(11,082)</u>
Refuse/solid waste:				
Personnel services	<u>157,085</u>	<u>157,085</u>	<u>165,154</u>	<u>(8,069)</u>
Operating expenses	<u>95,203</u>	<u>95,203</u>	<u>67,070</u>	<u>28,133</u>
Total refuse/solid waste	<u>252,288</u>	<u>252,288</u>	<u>232,224</u>	<u>20,064</u>
Health department:				
Operating expenses	<u>144,000</u>	<u>144,000</u>	<u>118,250</u>	<u>25,750</u>
Mental health:				
Operating expenses	<u>39,200</u>	<u>39,200</u>	<u>39,200</u>	<u>-</u>
Ambulance service:				
Personnel services	<u>474,450</u>	<u>474,450</u>	<u>408,792</u>	<u>65,658</u>
Operating expenses	<u>98,800</u>	<u>330,587</u>	<u>424,839</u>	<u>(94,252)</u>
Capital outlay	<u>77,019</u>	<u>77,019</u>	<u>41,893</u>	<u>35,126</u>
Total ambulance service	<u>650,269</u>	<u>882,056</u>	<u>875,524</u>	<u>6,532</u>
Welfare participation programs:				
Operating expenses	<u>165,631</u>	<u>165,631</u>	<u>173,264</u>	<u>(7,633)</u>
Recreation:				
Personnel services	<u>58,728</u>	<u>58,728</u>	<u>49,859</u>	<u>8,869</u>
Operating expenses	<u>15,475</u>	<u>15,475</u>	<u>10,367</u>	<u>5,108</u>
Capital outlay	<u>201,500</u>	<u>201,500</u>	<u>199,398</u>	<u>2,102</u>
Total recreation	<u>275,703</u>	<u>275,703</u>	<u>259,624</u>	<u>16,079</u>
Library:				
Personnel services	<u>185,500</u>	<u>185,500</u>	<u>164,380</u>	<u>21,120</u>
Operating expenses	<u>99,020</u>	<u>100,600</u>	<u>76,781</u>	<u>22,239</u>
Capital outlay	<u>3,000</u>	<u>3,000</u>	<u>6,664</u>	<u>(3,664)</u>
Total library	<u>287,520</u>	<u>289,100</u>	<u>247,825</u>	<u>41,275</u>
Agriculture/soil conservation:				
Personnel services	<u>193,135</u>	<u>193,135</u>	<u>176,787</u>	<u>16,348</u>
Operating expenses	<u>70,275</u>	<u>70,875</u>	<u>73,615</u>	<u>(2,740)</u>
Capital outlay	<u>18,150</u>	<u>18,150</u>	<u>21,563</u>	<u>(3,413)</u>
Total agriculture/soil conservation	<u>281,560</u>	<u>282,160</u>	<u>271,965</u>	<u>10,195</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Animal Control:				
Personnel services	17,000	17,000	26,488	(9,488)
Operating expenses	<u>1,800</u>	<u>1,800</u>	<u>-</u>	<u>1,800</u>
Total animal control	<u>18,800</u>	<u>18,800</u>	<u>26,488</u>	<u>(7,688)</u>
Other financing uses:				
Transfers out	<u>2,634,423</u>	<u>3,349,423</u>	<u>3,349,423</u>	<u>-</u>
Contingencies:	<u>263,946</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charges to appropriations (outflows)	<u>10,107,890</u>	<u>10,870,070</u>	<u>10,385,490</u>	<u>484,580</u>
Ending budgetary fund balance	<u>\$ 565,511</u>	<u>\$ 518,346</u>	<u>\$ 500,084</u>	<u>\$ (18,262)</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
COUNTY TRANSPORTATION TRUST FUND
YEAR ENDED SEPTEMBER 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
Beginning budgetary fund balance	\$ 7,986	\$ 7,986	\$ 7,986	\$ -
Resources (inflows):				
Taxes:				
Local option gasoline tax	772,669	772,669	690,886	(81,783)
Intergovernmental:				
9th cent gas tax	162,487	162,487	148,155	(14,332)
Racing tax	111,625	111,625	111,625	-
Gasoline tax pour over trust	334,930	334,930	316,009	(18,921)
Motor fuel use tax	10,500	10,500	20,306	9,806
5th & 6th cent gasoline tax	475,366	475,366	441,362	(34,004)
Total intergovernmental	1,094,908	1,094,908	1,037,457	(57,451)
Charges for services:				
Pipe installation fees	10,609	10,609	7,640	(2,969)
Driveway permits	1592	1592	1,060	(532)
Pipe sales	25,840	25,840	17,143	(8,697)
Total charges for services	38,041	38,041	25,843	(12,198)
Miscellaneous:				
Investment income	10,000	10,000	19,439	9,439
Other miscellaneous	800	800	15,697	14,897
Total miscellaneous	10,800	10,800	35,136	24,336
Other financing sources:				
Transfers in	-	-	-	-
Total resources (inflows)	<u>1,916,418</u>	<u>1,916,418</u>	<u>1,789,322</u>	<u>(127,096)</u>
Amounts available for appropriation	<u>1,924,404</u>	<u>1,924,404</u>	<u>1,797,308</u>	<u>(127,096)</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
COUNTY TRANSPORTATION TRUST FUND
YEAR ENDED SEPTEMBER 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges to appropriations (outflows):				
Transportation:				
Personnel services	1,013,265	1,013,265	873,491	139,774
Other expenses	905,875	905,875	809,327	96,548
Capital outlay	157,688	157,688	90,250	67,438
Total transportation	<u>2,076,828</u>	<u>2,076,828</u>	<u>1,773,068</u>	<u>303,760</u>
Other financing uses:				
Transfers out	<u>488,152</u>	<u>488,152</u>	<u>-</u>	<u>488,152</u>
Total charges to appropriations (outflows)	<u>2,564,980</u>	<u>2,564,980</u>	<u>1,773,068</u>	<u>791,912</u>
Ending budgetary fund balance	<u>\$ (640,576)</u>	<u>\$ (640,576)</u>	<u>\$ 24,240</u>	<u>\$ 664,816</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
FINE AND FORFEITURE FUND
YEAR ENDED SEPTEMBER 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
Beginning budgetary fund balance	<u>\$ 1,148,949</u>	<u>\$ 1,148,949</u>	<u>\$ 1,148,949</u>	<u>\$ -</u>
Resources (inflows):				
Taxes:				
Ad valorem	<u>1,037,247</u>	<u>1,037,247</u>	<u>974,338</u>	<u>(62,909)</u>
Intergovernmental:				
Federal grants:				
Anti-drug grant	<u>92,884</u>	<u>92,884</u>	<u>92,884</u>	<u>-</u>
Total intergovernmental	<u>92,884</u>	<u>92,884</u>	<u>92,884</u>	<u>-</u>
Charges for services:				
Sheriff fees	<u>10,000</u>	<u>10,000</u>	<u>17,815</u>	<u>7,815</u>
Fines and costs:				
Specil Law Enforcement trust fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Court education trust fund	<u>15,000</u>	<u>15,000</u>	<u>18,534</u>	<u>3,534</u>
Dori Slosberg Surcharge	<u>17,500</u>	<u>17,500</u>	<u>12,007</u>	<u>(5,493)</u>
Criminal Surcharge	<u>12,500</u>	<u>12,500</u>	<u>15,723</u>	<u>3,223</u>
Court Facilities Surcharge	<u>47,500</u>	<u>47,500</u>	<u>55,543</u>	<u>8,043</u>
Domestic violence trust fund	<u>-</u>	<u>-</u>	<u>29</u>	<u>29</u>
Communications trust fund	<u>40,000</u>	<u>40,000</u>	<u>48,117</u>	<u>8,117</u>
Total fines and costs	<u>132,500</u>	<u>132,500</u>	<u>149,953</u>	<u>17,453</u>
Miscellaneous:				
Commissary proceeds	<u>-</u>	<u>-</u>	<u>30,494</u>	<u>30,494</u>
Investment earnings	<u>-</u>	<u>-</u>	<u>16,464</u>	<u>16,464</u>
Total miscellaneous	<u>-</u>	<u>-</u>	<u>46,958</u>	<u>46,958</u>
Other financing sources:				
Transfers in	<u>2,106,280</u>	<u>2,106,280</u>	<u>2,106,280</u>	<u>-</u>
Total resources (inflows)	<u>3,378,911</u>	<u>3,378,911</u>	<u>3,388,228</u>	<u>9,317</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
FINE AND FORFEITURE FUND
YEAR ENDED SEPTEMBER 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Amounts available for appropriation	<u>4,527,860</u>	<u>4,527,860</u>	<u>4,537,177</u>	<u>9,317</u>
Charges to appropriations (Outflows):				
Public safety:				
Personnel services	2,415,174	2,415,174	2,135,612	279,562
Operating expenses	815,065	815,065	894,347	(79,282)
Capital outlay	<u>85,040</u>	<u>85,040</u>	<u>200,266</u>	<u>(115,226)</u>
Total public safety	<u>3,315,279</u>	<u>3,315,279</u>	<u>3,230,225</u>	<u>85,054</u>
Total charges to appropriations (outflows)	<u>3,315,279</u>	<u>3,315,279</u>	<u>3,230,225</u>	<u>85,054</u>
Ending budgetary fund balance	<u>\$ 1,212,581</u>	<u>\$ 1,212,581</u>	<u>\$ 1,306,952</u>	<u>\$ 94,371</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
SALES TAX FUND
YEAR ENDED SEPTEMBER 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
Beginning budgetary fund balance	<u>\$ 1,205,999</u>	<u>\$ 1,205,999</u>	<u>\$ 1,205,999</u>	<u>\$ -</u>
Resources (inflows):				
Taxes:				
Local option sales tax	<u>560,720</u>	<u>560,720</u>	<u>765,918</u>	<u>205,198</u>
Total resources (inflows)	<u>560,720</u>	<u>560,720</u>	<u>765,918</u>	<u>205,198</u>
 Amounts available for appropriation	<u>1,766,719</u>	<u>1,766,719</u>	<u>1,971,917</u>	<u>205,198</u>
 Charges to appropriations (outflows):				
Other financing uses:				
Transfers out	<u>532,684</u>	<u>532,684</u>	<u>532,684</u>	<u>-</u>
 Total charges to appropriations (outflows)	<u>532,684</u>	<u>532,684</u>	<u>532,684</u>	<u>-</u>
 Ending budgetary fund balance	<u>\$ 1,234,035</u>	<u>\$ 1,234,035</u>	<u>\$ 1,439,233</u>	<u>\$ 205,198</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
YEAR ENDED SEPTEMBER 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
Beginning budgetary fund balance	\$ 763	\$ 763	\$ 763	\$ -
Resources (inflows):				
Intergovernmental:				
Federal grants:				
NRCS Grant	-	1,027,406	1,050,236	22,830
Rural Business Enterprise Grant	-	-	58	58
Total Federal Grants	-	1,027,406	1,050,294	22,888
State grants:				
SCRAP Grant	-	3,063,274	3,063,274	-
SCOP Grant	-	474,400	474,400	-
Total State grants	-	3,537,674	3,537,674	-
Total intergovernmental	-	4,565,080	4,587,968	22,888
Miscellaneous:				
Refund of prior years expense	-	-	74,404	74,404
Investment income	-	-	-	-
Total miscellaneous	-	-	74,404	74,404
Other financing sources:				
Transfers in	-	715,000	715,000	-
Total resources (inflows)	-	5,280,080	5,377,372	97,292
Amounts available for appropriation	763	5,280,843	5,378,135	97,292
Charges to appropriations (outflows):				
Transportation	-	4,163,280	4,163,271	9
Other general government	-	1,103,380	1,103,379	1
Total charges to appropriations (outflows)	-	5,266,660	5,266,650	10
Ending budgetary fund balance	\$ 763	\$ 14,183	\$ 111,485	\$ 97,302

The County of Jefferson, Florida

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

September 30, 2007

NOTE A – BUDGETARY BASIS OF ACCOUNTING

The County follows generally accepted accounting principles for budgetary basis accounting. The County uses the modified accrual basis of accounting for budgetary purposes. 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 due.

Significant revenues susceptible to accrual are licenses, charges for services, intergovernmental revenues and interest earnings. 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

NOTE B – EXCESSES OF EXPENDITURES OVER APPROPRIATIONS

There were no excesses of expenditures over appropriations in the general fund or any budgeted major special revenue fund for the fiscal year ended September 30, 2007.

OTHER SUPPLEMENTAL INFORMATION

**JEFFERSON COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2007**

	<u>Special Revenue</u>				<u>Total Nonmajor Governmental Funds</u>
	<u>Fire Assessment</u>	<u>Solid Waste Fund</u>	<u>Grants Fund</u>	<u>E-911 fund</u>	
ASSETS					
Cash	\$ -	\$ 38,560	\$ 734,515	\$ -	\$ 1,072,921
Due from other governments	12,521	84,535	-	20,394	117,450
Due from other funds	640,416	426,766	393,014	782,023	2,242,219
Total assets	<u>\$ 652,937</u>	<u>\$ 549,861</u>	<u>1,127,529</u>	<u>\$ 802,417</u>	<u>\$ 3,432,590</u>
LIABILITIES					
Accounts payable	\$ 5,307	\$ 45,067	1,987	\$ -	\$ 52,361
Loan from other fund	-	-	154,838	-	154,838
Due to other funds	-	-	-	-	70,638
Total liabilities	<u>5,307</u>	<u>45,067</u>	<u>156,825</u>	<u>-</u>	<u>277,837</u>
FUND BALANCES					
Unreserved:					
Designated:					
Fire safety	647,630	-	-	-	647,630
Solid waste	-	504,794	-	-	504,794
Grants	-	-	970,704	-	970,704
Emergency communications	-	-	-	802,417	802,417
Debt service	-	-	-	-	229,208
Total fund balances	<u>647,630</u>	<u>504,794</u>	<u>970,704</u>	<u>802,417</u>	<u>3,154,753</u>
Total liabilities and fund balances	<u>\$ 652,937</u>	<u>\$ 549,861</u>	<u>1,127,529</u>	<u>\$ 802,417</u>	<u>\$ 3,432,590</u>

JEFFERSON COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2007

	Special Revenue					Total Nonmajor Governmental Funds
	Fire Assessment	Solid Waste Fund	Grants Fund	E-911 Fund	Debt Service	
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 153,867	\$ 284,410	\$ 438,277
Intergovernmental	2,904	246,881	1,578,071	33,078	-	1,860,934
Miscellaneous	550,097	1,359,354	149,494	-	9,080	2,068,025
Total revenues	553,001	1,606,235	1,727,565	186,945	293,490	4,367,236
EXPENDITURES						
Current:						
Fire safety	459,906	-	-	-	-	459,906
Public safety	-	-	-	74,695	-	74,695
Health and sanitation	-	1,423,627	-	-	-	1,423,627
Economic development	-	-	1,743,292	-	-	1,743,292
Debt Service:						
Principal	-	-	-	-	358,000	358,000
Interest & other	-	-	-	-	209,445	209,445
Capital outlay	71,534	227,707	-	-	-	299,241
Total expenditures	531,440	1,651,334	1,743,292	74,695	567,445	4,568,206
Excess (deficiency) of revenues over expenditures	21,561	(45,099)	(15,727)	112,250	(273,955)	(200,970)
OTHER FINANCING SOURCES AND (USES)						
Transfers in	352	223,391	-	-	304,400	528,143
Transfers (out)	-	-	-	-	-	-
Total other financing Sources and (Uses)	352	223,391	-	-	304,400	528,143
Net change in fund balances	21,913	178,292	(15,727)	112,250	30,445	327,173
Beginning fund balances	625,717	326,502	986,431	690,167	198,763	2,827,580
Ending fund balances	\$ 647,630	\$ 504,794	\$ 970,704	\$ 802,417	\$ 229,208	\$ 3,154,753

**JEFFERSON COUNTY, FLORIDA
COMBINING STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
September 30, 2007**

	<u>Agency funds</u>				
	<u>Clerk of the Circuit Court</u>	<u>Tax Collector</u>	<u>Sheriff</u>	<u>Supervisor of Elections</u>	<u>Totals</u>
ASSETS					
Cash	\$ 641,688	\$ 670,299	\$ 152,626	\$ 5,518	\$ 1,470,131
Total assets	<u>\$ 641,688</u>	<u>\$ 670,299</u>	<u>\$ 152,626</u>	<u>\$ 5,518</u>	<u>\$ 1,470,131</u>
LIABILITIES					
Due to other agencies	\$ 276,021	\$ 670,299	\$ 17,065	\$ 3,502	\$ 966,887
Deposits held in escrow	<u>365,667</u>	<u>-</u>	<u>135,561</u>	<u>2,016</u>	<u>503,244</u>
Total liabilities	<u>\$ 641,688</u>	<u>\$ 670,299</u>	<u>\$ 152,626</u>	<u>\$ 5,518</u>	<u>\$ 1,470,131</u>

BETTS, ROGERS, SCHENCK & JONES

CERTIFIED PUBLIC ACCOUNTANTS

PROFESSIONAL ASSOCIATION

MEMBERS
PRIVATE COMPANIES
PRACTICE SECTION OF THE
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

May 27, 2008

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

MANAGEMENT LETTER

We have audited the financial statements of the County of Jefferson, Florida, as of and for the fiscal year ended September 30, 2007, and have issued our report thereon dated May 27, 2008.

We conducted our audit in accordance with United States generally accepted auditing standards, and *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 Compliance and Internal Control over financial reporting, Independent Auditor's Report on Compliance and Internal Control over Compliance Applicable to each Major Federal Program and State Project, and Schedule of Findings and Questioned Costs. Disclosures in those reports, which are dated May 27, 2008, 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 significant findings and recommendations made in the preceding annual financial audit report have been followed. 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, accounting procedures, and internal controls. In connection with our audit, we did not have any such findings.

Honorable Members of the
Board of County Commissioners
Jefferson County, Florida
Page 2

The Rules of the Auditor General (Section 10.554(1)(i)4.) require disclosure in the management letter of the following matters if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs and are not clearly inconsequential: (1) Violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or are likely to have occurred, and were discovered within the scope of the audit; (2) improper or illegal expenditures discovered within the scope of the audit; (3) 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); (4) failures to properly record financial transactions; and (5) other 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.

As required by the Rules of the Auditor General (Section 10.554(1)(i)6.a.), a statement must be included as to whether or not the local government 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 the Jefferson County, Florida Board of County Commissioners 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)6.b), we determined that the annual financial report for the Jefferson County, Florida Board of County Commissioners for the fiscal year ended September 30, 2007, 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, 2007.

As required by the Rules of the Auditor General (Sections 10.554(i)6.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, 2007.

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.

Bette, Regen, Schuch, & Jones

The County of Jefferson, Florida
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
For the year ended September 30, 2007

<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>U.S. DEPARTMENT OF HUD</u>					
<u>Direct Programs:</u>					
<u>Passed through State:</u>					
Department of Community Affairs	Section 8 Housing Choice Vouchers	14.871	N/A	\$ 717,358	\$ 648,521
Fl. Housing Finance Corporation	Community Development Block Grant	14.228	05DB-2Q-02-43-01-H02	366,438	366,438
	Home Investment Partnership Prog.	14.239	HA-04-745	203,267	203,267
TOTAL U.S. DEPARTMENT OF HUD				\$ 1,287,063	\$ 1,218,226
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
<u>Direct Programs:</u>					
<u>Passed through State:</u>					
Department of Agriculture	Natural Resource Conservation	10.904	69-4209-6-1654	\$ 1,050,236	\$ 1,050,236
	Volunteer Fire Assistance	10.664	2007	1,964	1,964
TOTAL U.S. DEPARTMENT OF AGRICULTURE				\$ 1,052,200	\$ 1,052,200
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
<u>Passed through State:</u>					
Department of Revenue	Child Support Enforcement	93.563	CC333	\$ 29,644	\$ 29,644
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				\$ 29,644	\$ 29,644

The County of Jefferson, Florida
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
For the year ended September 30, 2007

<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>U.S. DEPARTMENT OF HOMELAND SECURITY</u>					
Passed through State:					
Department of Community Affairs	Emergency Management Perf. Grant	97.042	07-BG-04-02-43-01-352	\$ 23,405	\$ 23,405
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY				<u>\$ 23,405</u>	<u>\$ 23,405</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>					
Passed through State:					
Department of Law Enforcement	Byrne Formula Grant	16.738	2007-JAGC-JEFF-1-P3-060	\$ 92,884	\$ 92,884
TOTAL U.S. DEPARTMENT OF JUSTICE				<u>\$ 92,884</u>	<u>\$ 92,884</u>
TOTAL FEDERAL ASSISTANCE				<u>\$ 2,485,196</u>	<u>\$ 2,416,359</u>
<u>STATE ASSISTANCE:</u>					
<u>Florida Department of Environmental Protection</u>					
	Small Counties Grant	37.012	SC719	\$ 189,782	\$ 189,782
	Cooperative Collection Center Grant	37.007	S0303	<u>20,000</u>	<u>20,000</u>
Total Florida Department of Environmental Protection				<u>\$ 209,782</u>	<u>\$ 209,782</u>

The County of Jefferson, Florida
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
For the year ended September 30, 2007

<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 State</u>					
	State Aid to Libraries	45.030	07-ST-92	\$ 140,393	\$ 140,393
Total Florida Department of State				<u>\$ 140,393</u>	<u>\$ 140,393</u>
<u>Florida Department of Community Affairs</u>					
	State Housing Initiatives Partnership Emergency Management Programs	52.901 52.008	SHIP 07-BG-04-02-43-01-352	\$ 350,000 102,959	\$ 698,869 102,959
Total Florida Department of Community Affairs				<u>\$ 452,959</u>	<u>\$ 801,828</u>
<u>Florida Department of Management Services</u>					
	Wireless 911 Rural County Grant Program	72.001	N/A	\$ 33,077	\$ 33,077
Total Florida Department of Management Services				<u>\$ 33,077</u>	<u>\$ 33,077</u>
<u>Florida Department of Health</u>					
	Primary Care/Diabetes Grant Emergency Medical Services Emergency Medical Services Emergency Medical Services	64.007 64.005 64.003 64.003	PCCG-06-07-02 C5033 M7001 M7002	\$ 77,250 17,997 94,500 55,637	\$ 77,250 17,997 94,500 55,637
Total Florida Department of Health				<u>\$ 245,384</u>	<u>\$ 245,384</u>

The County of Jefferson, Florida
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
For the year ended September 30, 2007

<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 Agriculture</u>	Mosquito Control	42.003	N/A	\$ 37,099	\$ 37,099
Total Florida Department of Agriculture				\$ 37,099	\$ 37,099
<u>Florida Department of Transportation</u>	Small County Outreach Program	55.009	40466	\$ 474,400	\$ 474,400
	Small County Outreach Program	55.009	420092-1	1,956,451	1,956,451
	Small County Road Assistance Program	55.016	41336915801	1,106,823	1,106,823
Total Florida Department of Transportation				\$ 3,537,674	\$ 3,537,674
<u>Office of State Court Systems</u>	Small County Courthouse Facilities	22.004	2006-07	\$ 350,000	\$ 350,000
Total Office of State Court Systems				\$ 350,000	\$ 350,000
TOTAL STATE ASSISTANCE				\$ 5,006,368	\$ 5,355,237
TOTAL FEDERAL AND STATE ASSISTANCE				\$ 7,491,564	\$ 7,771,596

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
YEAR ENDED SEPTEMBER 30, 2007**

There were no findings in the prior year.

BETTS, ROGERS, SCHENCK & JONES
CERTIFIED PUBLIC ACCOUNTANTS
PROFESSIONAL ASSOCIATION

MEMBERS
PRIVATE COMPANIES
PRACTICE SECTION OF THE
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

May 27, 2008

**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 the Board of County Commissioners of Jefferson County, Florida, as of and for the year ended September 30, 2007, and have issued our report thereon dated May 27, 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 Board of County Commissioners of Jefferson County, Florida'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 Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board'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 Board'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 Board's financial statements that is more than inconsequential will not be prevented or detected by the Board'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 Board'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 Board of County Commissioners 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*.

This report is intended solely for the information and use of the board of county commissioners, management, the Florida Auditor General 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.

Betts, Regen, Schuch, & Jones

BETTS, ROGERS, SCHENCK & JONES
CERTIFIED PUBLIC ACCOUNTANTS
PROFESSIONAL ASSOCIATION

MEMBERS
PRIVATE COMPANIES
PRACTICE SECTION OF THE
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FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

May 27, 2008

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the Board of County Commissioners 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* that are applicable to each of its major federal and state programs for the year ended September 30, 2007. The Board of County Commissioners of Jefferson County, Florida's major federal and state programs 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 and state programs is the responsibility of the Board of County Commissioners. Our responsibility is to express an opinion on the Board'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*, the provisions of the Public and Indian Housing Compliance Supplement dated May 29, 1996 and Chapter 10.550, Rules of the Auditor General. Those standards and OMB Circular A-133 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 or state program occurred. An audit includes examining, on a test basis, evidence about the Board'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 the Board of County Commissioners of Jefferson County, Florida's compliance with those requirements.

In our opinion, the Board of County Commissioners of Jefferson County, Florida complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended September 30, 2007.

Internal Control over Compliance

The Board of County Commissioners 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 and state programs. In planning and performing our audit, we considered the Board of County Commissioners of Jefferson County, Florida internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal or state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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.

Beth, Roger, Schuch & Jones

JEFFERSON COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2007

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? No

Reportable condition(s) identified not
considered to be material weaknesses? None reported

Noncompliance material to financial
statements noted? No

Federal and State Awards

Type of auditor’s report issued: Unqualified

Internal Control over major programs:

Material weakness(es) identified? No

Reportable condition(s) identified not
considered to be material weaknesses? None reported

Any audit findings disclosed that are
required to be reported in accordance
with Circular A-133, Section .510(a)? No

Identification of major Federal programs:

CFDA Number/Program 14.871/Section 8 Housing Choice Vouchers
14.228/Community Dev. Block Grant
10.904/Watershed Prot. & Flood Prevention

Identification of major State programs:

CSFA Number/Program 52.901/State Housing Initiatives Partnership
55.009/Small Counties Outreach Program
55.016/Small Counties Road Assistance
22.004/Small Counties Courthouse Facilities

JEFFERSON COUNTY, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended September 30, 2007

Section I – Summary of Auditor’s Results (cont.)

Dollar threshold used to distinguish between Type A and Type B Federal programs:	\$300,000
Dollar threshold used to distinguish between Type A and Type B State programs:	\$300,000
Auditee qualified as low-risk auditee?	No

Schedule II – Financial Statement Findings

None reported

Schedule III – Federal Award Findings and Questioned Costs

None reported

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

THE COUNTY OF JEFFERSON, FLORIDA

CLERK OF THE CIRCUIT COURT

SEPTEMBER 30, 2007

BETTS, ROGERS, SCHENCK & JONES
CERTIFIED PUBLIC ACCOUNTANTS
PROFESSIONAL ASSOCIATION

MEMBERS
PRIVATE COMPANIES
PRACTICE SECTION OF THE
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

January 29, 2008

INDEPENDENT AUDITOR'S REPORT

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

We have audited the combined balance sheet of the Clerk of the Circuit Court of Jefferson County, Florida as of September 30, 2007 and the related statements of revenues, expenditures and changes in fund balance of the general fund and cash receipts, disbursements and balances of the agency funds for the year then ended. These financial statements are the responsibility of the Clerk of the Circuit Court of Jefferson County, Florida. 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 financial position of the Clerk of the Circuit Court of Jefferson County, Florida, as of September 30, 2007, and the results of operations of the general fund and the recorded cash transactions of the agency 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 January 29, 2008 on our consideration of the Clerk of the Circuit Court'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 our report 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.

Betts, Rogers, Schenck & Jones

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

COMBINED BALANCE SHEET

September 30, 2007

	<u>GENERAL FUND</u>	<u>AGENCY FUNDS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
ASSETS			
Cash	<u>\$ 108,235</u>	<u>\$ 533,453</u>	<u>\$ 641,688</u>
Total assets	<u>\$ 108,235</u>	<u>\$ 533,453</u>	<u>\$ 641,688</u>
 LIABILITIES AND FUND BALANCES			
Liabilities			
Due to other governments	<u>\$ 108,235</u>	<u>\$ 167,786</u>	<u>\$ 276,021</u>
Deposits held in escrow	<u>-</u>	<u>365,667</u>	<u>365,667</u>
Total liabilities	108,235	533,453	641,688
Fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 108,235</u>	<u>\$ 533,453</u>	<u>\$ 641,688</u>

The accompanying notes are an integral part of this statement.

The County of Jefferson, Florida
Clerk of the Circuit Court

COMBINING BALANCE SHEET - ALL AGENCY FUNDS

September 30, 2007

	<u>SUSPENSE ACCOUNT</u>	<u>COURT REGISTRY</u>	<u>TAX REDEMPTION</u>	<u>CASH BONDS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
ASSETS					
Cash	\$ 276,780	\$ 143,371	\$ 88,524	\$ 24,778	\$ 533,453
Total assets	<u>\$ 276,780</u>	<u>\$ 143,371</u>	<u>\$ 88,524</u>	<u>\$ 24,778</u>	<u>\$ 533,453</u>
LIABILITIES					
Liabilities					
Due to other governments	\$ 167,786	\$ -	\$ -	\$ -	\$ 167,786
Deposits held in escrow	<u>108,994</u>	<u>143,371</u>	<u>88,524</u>	<u>24,778</u>	<u>365,667</u>
Total liabilities	<u>\$ 276,780</u>	<u>\$ 143,371</u>	<u>\$ 88,524</u>	<u>\$ 24,778</u>	<u>\$ 533,453</u>

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

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE**

Year ended September 30, 2007

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues			
County appropriation	\$ 128,619	\$ 128,619	\$ -
Clerk's fees and other	778,935	721,477	(57,458)
Total revenues	<u>907,554</u>	<u>850,096</u>	<u>(57,458)</u>
Expenditures			
Salary of official	93,891	91,718	2,173
Other salaries and benefits	386,167	246,518	139,649
Operating expenses	88,900	197,597	(108,697)
Fees to COCC	306,096	175,741	130,355
Capital outlay	32,500	30,600	1,900
Total expenditures	<u>907,554</u>	<u>742,174</u>	<u>165,380</u>
Excess of revenues over expenditures	<u>\$ -</u>	107,922	<u>\$ 107,922</u>
Fund balance - beginning of year		-	
Less: amount reverting to Board of County Commissioners		<u>(107,922)</u>	
Fund balance - end of year		<u>\$ -</u>	

The County of Jefferson, Florida
Clerk of the Circuit Court

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES

Year ended September 30, 2007

	AGENCY FUNDS				TOTALS (MEMORANDUM ONLY)
	SUSPENSE ACCOUNT	COURT REGISTRY	TAX REDEMPTION	CASH BONDS	
Receipts					
Court related fees	\$ 632,467	\$ -	\$ -	\$ -	\$ 632,467
Collection of fines	395,355	-	-	-	395,355
Documentary and surtax stamps	917,073	-	-	-	917,073
Fees for services		-	-	-	-
Intangible taxes	199,725	-	-	-	199,725
Individual and child support	1,441,100	-	-	-	1,441,100
Deposits received	507,562	162,089	69,349	38,975	777,975
Interest earned	-	764	-	-	764
Total receipts	<u>4,093,282</u>	<u>162,853</u>	<u>69,349</u>	<u>38,975</u>	<u>4,364,459</u>
Disbursements					
Court related fees	581,295				581,295
Disbursements of fines	360,492	-	-	-	360,492
Documentary and surtax stamps	917,073	-	-	-	917,073
Disbursements of fees		-	-	-	-
Disbursement of intangible taxes	199,725	-	-	-	199,725
Individual and child support	1,441,100	-	-	-	1,441,100
Deposits distributed	568,780	68,403	46,829	62,116	746,128
Total disbursements	<u>4,068,465</u>	<u>68,403</u>	<u>46,829</u>	<u>62,116</u>	<u>4,245,813</u>
Excess of receipts over (under) disbursements	24,817	94,450	22,520	(23,141)	118,646
Beginning cash balances	<u>251,963</u>	<u>48,921</u>	<u>66,004</u>	<u>47,919</u>	<u>414,807</u>
Ending cash balances	<u>\$ 276,780</u>	<u>\$ 143,371</u>	<u>\$ 88,524</u>	<u>\$ 24,778</u>	<u>\$ 533,453</u>

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 1 - 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 (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 Clerk funds his operations as a Budget and Fee Officer pursuant to Florida Statutes Chapters 28, 129, 145 and 218. As a Budget and Fee Officer, the operations as Clerk are approved and funded by the Board. The budgeted receipts from the Board and fees collected are recorded as revenue on the Clerk's financial statements. Any excess of revenues over expenditures are remitted to the Board at year end.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Jefferson County Clerk of the Circuit Court conform to generally accepted accounting principles (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 Clerk of the Circuit Court 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 Clerk's funds are as follows:

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

Governmental Fund:

General Fund - The general fund is the general operating fund of the Jefferson County Clerk. 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 Clerk as an agent for individuals, private organizations, other governments and/or other funds.

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.

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

The governmental fund and all agency funds are accounted for using the modified 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 Clerk considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are generally recognized under the modified 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 of the annual budget for the year. Budgets are prepared on the modified accrual (GAAP) basis of accounting.

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

Fixed Assets

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

Memorandum Column

The column captioned "Totals Memorandum Only" is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

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, 2007, the carrying amount of the Jefferson County Clerk's deposits was \$724,992 and the bank balance was \$641,405. 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 calculated according to formulas established by Chapter 280. 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 Clerk of the Circuit Court were placed with the State Board of Administration and local banks under banking services agreements 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 Clerk of the Circuit Court participates in the Florida Retirement System (the System), which presently covers all qualified Jefferson County Clerk's 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 Clerk's employees covered by the System was \$331,192. The total payroll for the year ended September 30, 2007 was \$338,236.

All eligible employees of the Jefferson County Clerk of the Circuit Court participate in the System. Effective July 1, 2001, the System provides vesting of benefits after six years of creditable service. Regular class and Elected Officers' class members are eligible for normal

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 4 - EMPLOYEE BENEFITS (Continued)

Pension Plan (Continued)

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. 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 Clerk of the Circuit Court, are required to contribute 9.85% of the compensation for regular members and 16.53% for elected officials. During the years ended September 30, 2007, 2006, and 2005, the Jefferson County Clerk of the Circuit Court contributed \$38,937, \$29,737 and \$28,391, respectively. These contributions represented 100% of the Clerk's required contributions.

**MANAGEMENT LETTER
REPORT ON INTERNAL CONTROL STRUCTURE RELATED MATTERS
AND COMPLIANCE**

THE COUNTY OF JEFFERSON, FLORIDA

CLERK OF THE CIRCUIT COURT

SEPTEMBER 30, 2007

BEN F. BETTS, JR., C.P.A.
EDGER A. ROGERS, JR., C.P.A. (1945-2000)
JOSEPH T. SCHENCK, C.P.A.
MARK J. JONES, C.P.A.

BETTS, ROGERS, SCHENCK & JONES

CERTIFIED PUBLIC ACCOUNTANTS

PROFESSIONAL ASSOCIATION

MEMBERS
PRIVATE COMPANIES
PRACTICE SECTION OF THE
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

January 29, 2008

MANAGEMENT LETTER

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

We have audited the financial statements of the Jefferson County, Florida Clerk of the Circuit Court, as of and for the fiscal year ended September 30, 2007, and have issued our report thereon dated January 29, 2008.

We have issued our Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated January 29, 2008. Disclosures in that report, if any, should be considered in conjunction with this management letter.

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. 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 significant findings and recommendations made in the preceding annual financial audit report have been corrected. 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.), we are required to state whether or not the Jefferson County, Florida Clerk of the Circuit Court complied with Section 218.415, Florida Statutes, regarding the investment of public funds. We determined the Jefferson County, Florida Clerk of the Circuit Court complied with the Florida Statutes with regard to the investment of public funds.

The Rules of the Auditor General (Section 10.554 (1)(i)3.) require that we make recommendations to improve the Jefferson County, Florida, Clerk of the Circuit Court's financial management, accounting procedures, and internal controls. Based on our audit, we had no recommendations for the Jefferson County, Florida Clerk of the Circuit Court.

The Rules of the Auditor General (Sections 10.554 (1)(i) 4a., 4b., 4c1., 4c2., 4c3.) require disclosure in the management letter based upon the auditor's professional judgement matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors, including the following: violations of laws, rules, 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; and 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 Rules of the Auditor General (Sections 10.554(1)(i) 4a., 4b., 4c1., 4c2., 4c3.).

The Rules of the Auditor General (Sections 10.554 (1)(i) 5.) require that we disclose the 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. This information is disclosed in the notes to the financial statements of the Jefferson County, Florida Clerk of the Circuit Court.

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 for the information of the Jefferson County, Florida Clerk of the Circuit Court 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.

Betts, Rogers, Schenck & Jones

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FLORIDA INSTITUTE OF CERTIFIED
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January 29, 2008

**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
Jefferson County, Florida

We have audited the combined financial statements of governmental activities, each major fund, and the aggregate remaining fund information of the Clerk of the Circuit Court of Jefferson County, Florida, as of and for the year ended September 30, 2007, and have issued our report thereon dated January 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 Clerk of the Circuit Court 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 Clerk's 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 Clerk'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 Clerk's financial statements that is more than inconsequential will not be prevented or detected by the Clerk'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 Clerk'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 Clerk of the Circuit Court 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying management letter dated January 29, 2008. The Clerk's response to our findings of noncompliance is contained as part of our management letter dated January 29, 2008. 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 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.

Botta, Rogers, Schuch & Jones

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

**THE COUNTY OF JEFFERSON, FLORIDA
SUPERVISOR OF ELECTIONS**

FOR THE YEAR ENDED SEPTEMBER 30, 2007

BETTS, ROGERS, SCHENCK & JONES

CERTIFIED PUBLIC ACCOUNTANTS

PROFESSIONAL ASSOCIATION

November 16, 2007

MEMBERS
PRIVATE COMPANIES
PRACTICE SECTION OF THE
AMERICAN INSTITUTE OF CERTIFIED
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FLORIDA INSTITUTE OF CERTIFIED
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INDEPENDENT AUDITOR'S REPORT

The Board of County Commissioners
and The Honorable Marty Bishop,
Supervisor of Elections
The County of Jefferson, Florida

We have audited the combined balance sheet of The County of Jefferson, Florida Supervisor of Elections, as of September 30, 2007 and the related combining balance sheet - all agency funds, statement of revenues, expenditures and changes in fund balance of the general fund and cash receipts, disbursements and balance of the agency funds for the year then ended. These financial statements are the responsibility of The County of Jefferson, Florida Supervisor of Elections. 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 financial position of The County of Jefferson, Florida Supervisor of Elections, as of September 30, 2007, 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 November 16, 2007 on our consideration of The County of Jefferson, Florida Supervisor of Elections' 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.



**The County of Jefferson, Florida
Supervisor of Elections**

COMBINED BALANCE SHEET

September 30, 2007

	<u>GENERAL FUND</u>	<u>AGENCY FUNDS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
ASSETS			
Cash	<u>\$ 3,502</u>	<u>\$ 2,016</u>	<u>\$ 5,518</u>
Total assets	<u>\$ 3,502</u>	<u>\$ 2,016</u>	<u>\$ 5,518</u>
 LIABILITIES AND FUND BALANCES			
Liabilities			
Deposits held in escrow	<u>\$ -</u>	<u>\$ 2,016</u>	<u>\$ 2,016</u>
Due to other agencies	<u>3,502</u>	<u>-</u>	<u>3,502</u>
Total liabilities	<u>3,502</u>	<u>2,016</u>	<u>5,518</u>
Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 3,502</u>	<u>\$ 2,016</u>	<u>\$ 5,518</u>

**The County of Jefferson, Florida
Supervisor of Elections**

COMBINING BALANCE SHEET - ALL AGENCY FUNDS

September 30, 2007

	<u>VOTING SYSTEMS ASSISTANCE</u>	<u>STATE POLL WORKER ASSISTANCE</u>	<u>QUALIFYING ACCOUNT</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
ASSETS				
Cash	\$ <u>160</u>	\$ <u>1,856</u>	\$ <u>-</u>	\$ <u>2,016</u>
Total assets	\$ <u>160</u>	\$ <u>1,856</u>	\$ <u>-</u>	\$ <u>2,016</u>
LIABILITIES				
Liabilities				
Deposits held in escrow	\$ <u>160</u>	\$ <u>1,856</u>	\$ <u>-</u>	\$ <u>2,016</u>
Total liabilities	\$ <u>160</u>	\$ <u>1,856</u>	\$ <u>-</u>	\$ <u>2,016</u>

**The County of Jefferson, Florida
Supervisor of Elections**

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE**

Year ended September 30, 2007

	GENERAL FUND		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Revenues			
County appropriation	\$ 207,580	\$ 207,580	\$ -
Interest earned	-	158	158
Total revenues	<u>207,580</u>	<u>207,738</u>	<u>158</u>
Expenditures			
Salary of official	76,805	76,805	-
Other salaries, benefits and taxes	49,085	48,966	119
Operating expenses	81,690	78,465	3,225
Capital outlay	-	-	-
Total expenditures	<u>207,580</u>	<u>204,236</u>	<u>3,344</u>
Excess of revenues over expenditures	<u>\$ -</u>	3,502	<u>\$ 3,502</u>
Fund balance - beginning of year		-	
Less: amount reverting to Board of County Commissioners		<u>(3,502)</u>	
Fund balance - end of year		<u>\$ -</u>	

**The County of Jefferson, Florida
Supervisor of Elections**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

For the year ended September 30, 2007

	AGENCY FUNDS			
	VOTING SYSTEMS ASSISTANCE	STATE POLL WORKER ASSISTANCE	QUALIFYING ACCOUNT	TOTALS (MEMORANDUM ONLY)
Receipts				
Deposits received	\$ -	\$ -	\$ 1,883	\$ 1,883
Interest	-	1	-	1
Total receipts	-	1	1,883	1,884
Disbursements				
Disbursed to:				
Board of County Commissioners	-	-	-	-
Clerk of the Circuit Court	-	-	-	-
Others	-	-	1,883	1,883
Total disbursements	-	-	1,883	1,883
Excess of receipts over (under) disbursements	-	1	-	1
Beginning cash balances	160	1,855	-	2,015
Ending cash balances	\$ 160	\$ 1,856	\$ -	\$ 2,016

**The County of Jefferson, Florida
Supervisor of Elections**

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 1 - 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 Supervisor of Elections (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 of Elections 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 Supervisor funds his operations as a Budget Officer pursuant to Florida Statutes Chapter 129. As a Budget Officer, the operations as Supervisor are approved and funded by the Board. The budgeted receipts from the Board are recorded as revenue on the Supervisor'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 Supervisor of Elections 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 Supervisor of Elections 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 Supervisor's funds are as follows:

**The County of Jefferson, Florida
Supervisor of Elections**

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

Governmental Fund:

General Fund - The general fund is the general operating fund of the Jefferson County Supervisor of Elections. 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 Supervisor of Elections as an agent for individuals, private organizations, other governments and/or other funds.

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.

**The County of Jefferson, Florida
Supervisor of Elections**

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

All governmental fund and agency funds are accounted for using the modified 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 Supervisor 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 modified 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 of the annual budget for the year. Budgets are prepared on the modified accrual (GAAP) basis of accounting.

The Jefferson County Supervisor'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 Supervisor are capitalized at cost in the Board's general fixed asset account group in accordance with Florida Statutes.

Memorandum Column

The column captioned "Totals Memorandum Only" is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

**The County of Jefferson, Florida
Supervisor of Elections**

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

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, 2007, the carrying amount of the Jefferson County Supervisor's deposits was \$5,518 and the bank balance was \$14,874. 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 Supervisor of Elections 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 Supervisor of Elections participates in the Florida Retirement System (the System), which presently covers all qualified Jefferson County Supervisor of Elections 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 Supervisor's employees covered by the System was \$104,589. The total payroll for the year ended September 30, 2007 was \$104,589.

**The County of Jefferson, Florida
Supervisor of Elections**

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 4 - EMPLOYEE BENEFITS (continued)

Pension Plan (Continued)

All eligible employees of the Jefferson County Supervisor of Elections 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. 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 Supervisor of Elections, are required to contribute 9.85% of the compensation for regular members and 16.53% for elected officials (effective rates at September 30, 2007). During the years ended September 30, 2007, 2006 and 2005, the Jefferson County Supervisor of Elections contributed \$15,433, \$13,600, and \$12,770, respectively. These contributions represented 100% of the Supervisor's required contributions.

**MANAGEMENT LETTER
REPORT ON INTERNAL CONTROL STRUCTURE RELATED MATTERS
AND COMPLIANCE**

SUPERVISOR OF ELECTIONS

THE COUNTY OF JEFFERSON, FLORIDA

FOR THE YEAR ENDED SEPTEMBER 30, 2007

BETTS, ROGERS, SCHENCK & JONES
CERTIFIED PUBLIC ACCOUNTANTS
PROFESSIONAL ASSOCIATION

MEMBERS
PRIVATE COMPANIES
PRACTICE SECTION OF THE
AMERICAN INSTITUTE OF CERTIFIED
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FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

November 16, 2007

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, 2007, and have issued our report thereon dated November 16, 2007.

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 16, 2007. 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 recommendations made in the preceding annual financial audit report have been followed. There were no recommendations in the preceding annual financial audit.

As required by the Rules of the Auditor General (Section 10.554 (1)(i)2.), we are required to state whether or not the Jefferson County, Florida Supervisor of Elections complied with Section 218.415, Florida Statutes, regarding the investment of public funds. We determined the Jefferson County, Florida Supervisor of Elections complied with the Florida Statutes with regard to the investment of public funds.

The Rules of the Auditor General (Section 10.554 (1)(i)3.) require that we make recommendations to improve the Jefferson County, Florida, Supervisor of Elections' financial management, accounting procedures, and internal controls. Based on our audit, we have no recommendations for the current year.

The Rules of the Auditor General (Sections 10.554 (1)(i) 4a., 4b., 4c1.,4c2., and 4c3.) require disclosure in the management letter of the following matters based on the auditor's professional judgment regarding matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors, including the following: violations of laws, rules, 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 financial 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; and other inaccuracies, shortages, and 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 Rules of the Auditor General (Sections 10.554(1)(i) 4a., 4b., 4c1., 4c2., and 4c3.).

The Rules of the Auditor General (Sections 10.554 (1)(i) 5.) require that we disclose the 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. This information is disclosed in the notes to the financial statements of 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.

Beth, Regan, Schuch, & Jones

BETTS, ROGERS, SCHENCK & JONES

CERTIFIED PUBLIC ACCOUNTANTS

PROFESSIONAL ASSOCIATION

November 16, 2007

MEMBERS
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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 Marty Bishop
Supervisor of Elections
Jefferson County, 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, 2007, and have issued our report thereon dated November 16, 2007. 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 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 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*.

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.

Bette, Regen, Schuch, & Jones

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
PROPERTY APPRAISER
THE COUNTY OF JEFFERSON, FLORIDA
FOR THE YEAR ENDED SEPTEMBER 30, 2007

BEN F. BETTS, JR., C.P.A.
EDGER A. ROGERS, JR., C.P.A. (1945-2000)
JOSEPH T. SCHENCK, C.P.A.
MARK J. JONES, C.P.A.

BETTS, ROGERS, SCHENCK & JONES

CERTIFIED PUBLIC ACCOUNTANTS

PROFESSIONAL ASSOCIATION

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PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

November 2, 2007

INDEPENDENT AUDITOR'S REPORT

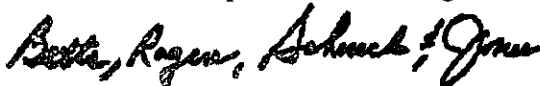
To the Board of County Commissioners
and the Honorable David W. Ward
Property Appraiser
The County of Jefferson, Florida

We have audited the combined balance sheet of the The County of Jefferson, Florida Property Appraiser as of September 30, 2007, and the related statements of revenues, expenditures and changes in fund balance of the general fund and cash receipts, disbursements and balance of the agency fund for the year then ended. These financial statements are the responsibility of the The County of Jefferson, Florida Property Appraiser. 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 financial position of The County of Jefferson, Florida Property Appraiser as of September 30, 2007, and the results of its 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 November 2, 2007 on our consideration of The County of Jefferson, Florida Property Appraiser'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.



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**The County of Jefferson, Florida
Property Appraiser**

COMBINED BALANCE SHEET

September 30, 2007

	<u>GENERAL FUND</u>	<u>AGENCY FUND (NOTE 2)</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
ASSETS			
Cash	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Deposits held in escrow	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	-	-	-
Fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**The County of Jefferson, Florida
Property Appraiser**

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE**

For the year ended September 30, 2007

	GENERAL FUND		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Revenues			
County appropriation	\$ 419,986	\$ 419,986	\$ -
Interest earned	-	302	302
Total revenues	<u>419,986</u>	<u>420,288</u>	<u>302</u>
Expenditures			
Salary of official	93,468	93,468	-
Other salaries and benefits	212,032	213,075	(1,043)
Operating expenses	114,486	103,781	10,705
Capital outlay	-	8,509	(8,509)
Total expenditures	<u>419,986</u>	<u>418,833</u>	<u>1,153</u>
Excess of revenues over expenditures	<u>\$ -</u>	1,455	<u>\$ 1,455</u>
Fund balance - beginning of year		-	
Less: amount reverting to Board of County Commissioners		<u>(1,455)</u>	
Fund balance - end of year		<u>\$ -</u>	

**The County of Jefferson, Florida
Property Appraiser**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

For the year ended September 30, 2007

	<u>AGENCY FUND</u>
Receipts	
Aerial print and map sales	\$ 11,769
Real property tag fees	14
Water Management District Commissions	<u>4,135</u>
Total receipts	<u>15,918</u>
 Disbursements	
Purchase of supplies	15,718
Board of County Commissioners	<u>200</u>
	<u>15,918</u>
 Excess of receipts over (under) disbursements	-
 Beginning cash balance	<u>-</u>
 Ending cash balance	<u>\$ -</u>

**The County of Jefferson, Florida
Property Appraiser**

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 1 - 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 Jefferson County Property Appraiser funds his operations as a Budget Officer pursuant to Florida Statutes Chapter 195. As a Budget Officer, the operations as Property Appraiser are approved and funded by the Board. The budgeted receipts from the Board are recorded as revenue on the Property Appraiser's financial statements. Any excess of revenues received over expenditures are remitted to the Board at year end.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Jefferson County Property Appraiser conform to generally accepted accounting principles (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 Property Appraiser 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 Property Appraiser's funds are as follows:

**The County of Jefferson, Florida
Property Appraiser**

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

Governmental Fund:

General Fund - The general fund is the general operating fund of the Jefferson County Property Appraiser. 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 Property Appraiser as an agent for individuals, private organizations, other governments and/or other funds.

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.

**The County of Jefferson, Florida
Property Appraiser**

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

All governmental fund and agency funds are accounted for using the modified 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 Property Appraiser considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are generally recognized under the modified 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 of the annual budget for the year. Budgets are prepared on the modified accrual (GAAP) basis of accounting.

The Jefferson County Property Appraiser'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 Property Appraiser are capitalized at cost in the Board's general fixed asset account group in accordance with Florida Statutes.

Memorandum Column

The column captioned "Totals Memorandum Only" is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

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.

**The County of Jefferson, Florida
Property Appraiser**

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 3 - CASH

Cash Deposits

At September 30, 2007 the carrying amount of the Jefferson County Property Appraiser's deposits was \$34,424 and the bank balance was \$0. 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 Property Appraiser 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 Property Appraiser participates in the Florida Retirement System (the System), which presently covers all qualified Jefferson County Property Appraiser 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 Property Appraiser employees covered by the System was \$255,262. The total payroll for the year ended September 30, 2007 was \$255,262.

All eligible employees of the Jefferson County Property Appraiser participate in the System. Effective July 1, 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

**County of Jefferson, Florida
Property Appraiser**

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 4 - EMPLOYEE BENEFITS (Continued)

Pension Plan (Continued)

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. 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 Property Appraiser, are required to contribute 10.71% of the compensation for regular members and 18.24% for elected officials. During the years ended September 30, 2007, 2006, and 2005, the Jefferson County Property Appraiser contributed \$31,124, \$27,243, and \$23,231, respectively. These contributions represented 100% of the Property Appraiser's required contributions.

**MANAGEMENT LETTER
REPORT ON INTERNAL CONTROL STRUCTURE RELATED MATTERS
AND COMPLIANCE**

**PROPERTY APPRAISER
THE COUNTY OF JEFFERSON, FLORIDA**

FOR THE YEAR ENDED SEPTEMBER 30, 2007

BETTS, ROGERS, SCHENCK & JONES
CERTIFIED PUBLIC ACCOUNTANTS
PROFESSIONAL ASSOCIATION

MEMBERS
PRIVATE COMPANIES
PRACTICE SECTION OF THE
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

November 2, 2007

MANAGEMENT LETTER

Honorable David W. Ward
Property Appraiser
Jefferson County, Florida

We have audited the financial statements of the Jefferson County, Florida Property Appraiser, as of and for the fiscal year ended September 30, 2007, and have issued our report thereon dated November 2, 2007.

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 2, 2007. 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 recommendations made in the preceding annual financial audit report have been followed. There were no recommendations in the preceding annual financial audit.

As required by the Rules of the Auditor General (Section 10.554 (1)(i)2.), we are required to state whether or not the Jefferson County, Florida Property Appraiser complied with Section 218.415, Florida Statutes, regarding the investment of public funds. We determined the Jefferson County, Florida Property Appraiser complied with the Florida Statutes with regard to the investment of public funds.

The Rules of the Auditor General (Section 10.554 (1)(i)3.) require that we make recommendations to improve the Jefferson County, Florida, Property Appraiser's financial management, accounting procedures, and internal controls. Based on our audit, we have no recommendations for the current year.

The Rules of the Auditor General (Sections 10.554 (1)(i) 4a., 4b., 4c1., 4c2., and 4c3.) require disclosure in the management letter of the following matters based on the auditor's professional judgment regarding matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors, including the following: violations of laws, rules, 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 financial 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; and other inaccuracies, shortages, and 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 Rules of the Auditor General (Sections 10.554(1)(i) 4a., 4b., 4c1., 4c2., and 4c3.).

The Rules of the Auditor General (Sections 10.554 (1)(i) 5.) require that we disclose the 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. This information is disclosed in the notes to the financial statements of the Jefferson County, Florida Property Appraiser.

This management letter is intended for the information of the Jefferson County, Florida Property Appraiser 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.

Beth, Regen, Schuch, & Jones

BETTS, ROGERS, SCHENCK & JONES
CERTIFIED PUBLIC ACCOUNTANTS
PROFESSIONAL ASSOCIATION

MEMBERS
PRIVATE COMPANIES
PRACTICE SECTION OF THE
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

November 2, 2007

**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
Jefferson County, Florida

We have audited the combined financial statements of governmental activities, each major fund, and the aggregate remaining fund information of the Property Appraiser of Jefferson County, Florida, as of and for the year ended September 30, 2007, and have issued our report thereon dated November 2, 2007. 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 Property Appraiser 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 for the purpose of expressing an opinion on the effectiveness of the Property Appraiser's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Property 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 Property 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 Property Appraiser's financial statements that is more than inconsequential will not be prevented or detected by the Property Appraiser'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 Property Appraiser'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 Property Appraiser 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*.

This report is intended solely for the information and use of the Property Appraiser, 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.

Bette, Rogers, Schuch, & Jones

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
TAX COLLECTOR
THE COUNTY OF JEFFERSON, FLORIDA
SEPTEMBER 30, 2007

BETTS, ROGERS, SCHENCK & JONES

CERTIFIED PUBLIC ACCOUNTANTS

PROFESSIONAL ASSOCIATION

MEMBERS
PRIVATE COMPANIES
PRACTICE SECTION OF THE
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

December 12, 2007

INDEPENDENT AUDITOR'S REPORT

The Board of County Commissioners
and the Honorable Lois H. Hunter,
Tax Collector
The County of Jefferson, Florida

We have audited the combined balance sheet of The County of Jefferson, Florida Tax Collector, as of September 30, 2007, and the related statements of revenues, expenditures and changes in fund balance of the general fund and cash receipts, disbursements and balances of the agency funds for the year then ended. These financial statements are the responsibility of The County of Jefferson, Florida Tax Collector. 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 in 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 financial position of The County of Jefferson, Florida Tax Collector, as of September 30, 2007, and the results of operations of the general fund and the recorded cash transactions of the agency 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 a report dated December 12, 2007 on our consideration of The County of Jefferson, Florida Tax Collector'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 considered in assessing the results of our audit.



**The County of Jefferson, Florida
Tax Collector**

COMBINED BALANCE SHEET

September 30, 2007

	<u>GENERAL FUND</u>	<u>AGENCY FUNDS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
ASSETS			
Cash	\$ 30,961	\$ 639,338	\$ 670,299
Due from Individuals	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 30,961</u>	<u>\$ 639,338</u>	<u>\$ 670,299</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Due to other agencies	\$ 30,961	\$ 639,338	\$ 670,299
Total liabilities	30,961	639,338	670,299
Fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 30,961</u>	<u>\$ 639,338</u>	<u>\$ 670,299</u>

**The County of Jefferson, Florida
Tax Collector**

COMING BALANCE SHEET - ALL AGENCY FUNDS

September 30, 2007

	<u>TAX ACCOUNT</u>	<u>TAG ACCOUNT</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
ASSETS			
Cash	<u>\$ 327,703</u>	<u>\$ 311,635</u>	<u>\$ 639,338</u>
Total assets	<u>\$ 327,703</u>	<u>\$ 311,635</u>	<u>\$ 639,338</u>
LIABILITIES			
Liabilities			
Due to other agencies	<u>\$ 327,703</u>	<u>\$ 311,635</u>	<u>\$ 639,338</u>
Total liabilities	<u>\$ 327,703</u>	<u>\$ 311,635</u>	<u>\$ 639,338</u>

**The County of Jefferson, Florida
Tax Collector**

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE**

Year ended September 30, 2007

	GENERAL FUND		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Revenues			
County appropriation	<u>\$ 432,142</u>	<u>\$ 432,142</u>	<u>\$ -</u>
Total revenues	<u>432,142</u>	<u>432,142</u>	<u>-</u>
Expenditures			
Personal services	270,000	272,386	(2,386)
Operating expenses	122,142	91,830	30,312
Capital outlay	<u>40,000</u>	<u>36,965</u>	<u>3,035</u>
Total expenditures	<u>432,142</u>	<u>401,181</u>	<u>30,961</u>
Excess of revenues over expenditures	<u>\$ -</u>	30,961	<u>\$ 30,961</u>
Fund balance - beginning of year		-	
Less: amount reverting to Board of County Commissioners		<u>(30,961)</u>	
Fund balance - end of year		<u>\$ -</u>	

**The County of Jefferson, Florida
Tax Collector**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

Year ended September 30, 2007

	AGENCY FUNDS		
	TAX ACCOUNT	TAG ACCOUNT	TOTALS (MEMORANDUM ONLY)
Receipts			
Real and personal property taxes	\$ 11,152,197	\$ -	\$ 11,152,197
Tax certificates redeemed	759,448	-	759,448
Other	16,968	-	16,968
Motor vehicle tags and titles	-	3,267,943	3,267,943
Sales tax	-	5,418,489	5,418,489
Hunting and fishing licenses	-	31,414	31,414
Driver licenses	-	62,912	62,912
Fees	-	273,852	273,852
Total receipts	11,928,613	9,054,610	20,983,223
Disbursements			
Disbursement of real and personal property taxes	11,136,076	-	11,136,076
State of Florida	-	8,859,583	8,859,583
Proceeds - tax certificates redeemed	774,354	-	774,354
Other	21,584	-	21,584
Fees reverting to Board of County Commissioners	-	241,504	241,504
Total disbursements	11,932,014	9,101,087	21,033,101
Excess of receipts over (under) disbursements	(3,401)	(46,477)	(49,878)
Beginning cash balances	331,104	358,112	689,216
Ending cash balances	\$ 327,703	\$ 311,635	\$ 639,338

**The County of Jefferson, Florida
Tax Collector**

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 1 - 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 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 Jefferson County 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:

**The County of Jefferson, Florida
Tax Collector**

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

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.

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.

**The County of Jefferson, Florida
Tax Collector**

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

All governmental fund and agency funds are accounted for using the modified 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 60 days of the end of the fiscal year. Expenditures are generally recognized under the modified 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 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 of 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.

Memorandum Column

The column captioned "Totals Memorandum Only" is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

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.

**The County of Jefferson, Florida
Tax Collector**

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 3 - CASH

Cash Deposits

At September 30, 2007 the carrying amount of the Jefferson County Tax Collector's deposits was \$633,370 and the bank balance was \$670,496. 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 local banks under banking services agreements 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 \$220,186. The total payroll for the year ended September 30, 2007 was \$220,186.

All eligible employees of the Jefferson County Tax Collector participate in the System. Effective July 1, 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. The System also provides death and disability benefits. Benefits are established by Florida Statutes.

**The County of Jefferson, Florida
Tax Collector**

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 4 - EMPLOYEE BENEFITS (Continued)

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, 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. During the years ended September 30, 2007, 2006, and 2005, the Jefferson County Tax Collector contributed \$28,339, \$24,767, and \$22,519, respectively. These contributions represented 100% of the Tax Collector's required contributions.

**MANAGEMENT LETTER
REPORT ON INTERNAL CONTROL STRUCTURE RELATED MATTERS
AND COMPLIANCE**

TAX COLLECTOR

THE COUNTY OF JEFFERSON, FLORIDA

FOR THE YEAR ENDED SEPTEMBER 30, 2007

BETTS, ROGERS, SCHENCK & JONES
CERTIFIED PUBLIC ACCOUNTANTS
PROFESSIONAL ASSOCIATION

MEMBERS
PRIVATE COMPANIES
PRACTICE SECTION OF THE
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

December 12, 2007

MANAGEMENT LETTER

Honorable Lois H. Hunter
Tax Collector
Jefferson County, Florida

We have audited the financial statements of the Jefferson County, Florida Tax Collector, as of and for the fiscal year ended September 30, 2007, and have issued our report thereon dated December 12, 2007.

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 12, 2007. 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 recommendations made in the preceding annual financial audit report have been followed. There were no recommendations in the preceding annual financial audit.

As required by the Rules of the Auditor General (Section 10.554 (1)(i)2.), we are required to state whether or not the Jefferson County, Florida Tax Collector complied with Section 218.415, Florida Statutes, regarding the investment of public funds. We determined the Jefferson County, Florida Tax Collector complied with the Florida Statutes with regard to the investment of public funds.

The Rules of the Auditor General (Section 10.554 (1)(i)3.) require that we make recommendations to improve the Jefferson County, Florida, Tax Collector's financial management, accounting procedures, and internal controls. Based on our audit, we have no recommendations for the current year.

The Rules of the Auditor General (Sections 10.554 (1)(i) 4a., 4b., 4c1., 4c2., and 4c3.) require disclosure in the management letter of the following matters based on the auditor's professional judgment regarding matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors, including the following: violations of laws, rules, 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 financial 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; and other inaccuracies, shortages, and 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 Rules of the Auditor General (Sections 10.554(1)(i) 4a., 4b., 4c1., 4c2., and 4c3.).

The Rules of the Auditor General (Sections 10.554 (1)(i) 5.) require that we disclose the 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. This information is disclosed in the notes to the financial statements of the Jefferson County, Florida Tax Collector.

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.

Bette, Roger, Schuch & Jones

BETTS, ROGERS, SCHENCK & JONES
CERTIFIED PUBLIC ACCOUNTANTS
PROFESSIONAL ASSOCIATION

MEMBERS
PRIVATE COMPANIES
PRACTICE SECTION OF THE
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

December 12, 2007

**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**

Honorable Lois H. Hunter
Tax Collector
Jefferson County, 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, 2007, and have issued our report thereon dated December 12, 2007. 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. 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*.

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.

Bette, Ragan, Achund, & Jones

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

**THE COUNTY OF JEFFERSON, FLORIDA
SHERIFF**

SEPTEMBER 30, 2007

BETTS, ROGERS, SCHENCK & JONES
CERTIFIED PUBLIC ACCOUNTANTS
PROFESSIONAL ASSOCIATION

MEMBERS
PRIVATE COMPANIES
PRACTICE SECTION OF THE
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

November 29, 2007

INDEPENDENT AUDITOR'S REPORT

The Board of County Commissioners
and the Honorable David C. Hobbs, Sheriff
The County of Jefferson, Florida

We have audited the combined balance sheet of The County of Jefferson, Florida Sheriff, as of September 30, 2007, and the related combining balance sheet, statements of revenues, expenditures and changes in fund balance of the general fund and cash receipts, disbursements and balances of the agency funds for the year then ended. These financial statements are the responsibility of The County of Jefferson, Florida Sheriff. 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 financial position of The County of Jefferson, Florida Sheriff, as of September 30, 2007, and the results of its operations of the general fund and the recorded cash transactions of the agency 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 November 29, 2007 on our consideration of The County of Jefferson, Florida 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.

Betts, Rogers, Schenck & Jones

**The County of Jefferson, Florida
Sheriff**

COMBINED BALANCE SHEET

September 30, 2007

	<u>GENERAL FUND</u>	<u>AGENCY FUNDS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
ASSETS			
Cash	<u>\$ 17,065</u>	<u>\$ 135,561</u>	<u>\$ 152,626</u>
Total assets	<u>\$ 17,065</u>	<u>\$ 135,561</u>	<u>\$ 152,626</u>
 LIABILITIES AND FUND BALANCES			
Liabilities			
Deposits held in escrow	<u>\$ -</u>	<u>\$ 135,561</u>	<u>\$ 135,561</u>
Due to other agencies	<u>17,065</u>	<u>-</u>	<u>17,065</u>
Total liabilities	<u>\$ 17,065</u>	<u>\$ 135,561</u>	<u>\$ 152,626</u>

The County of Jefferson, Florida
Sheriff

COMBINING BALANCE SHEET - ALL AGENCY FUNDS

September 30, 2007

	<u>INDIVIDUAL DEPOSITORS</u>	<u>PRISONERS WELFARE</u>	<u>COMMISSARY</u>	<u>PROGRAM GENERATED INCOME</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
ASSETS					
Cash	\$ -	\$ 112,413	\$ 7,357	\$ 15,791	\$ 135,561
Total assets	\$ -	\$ 112,413	\$ 7,357	\$ 15,791	\$ 135,561
LIABILITIES					
Liabilities					
Deposits held in escrow	\$ -	\$ 112,413	\$ 7,357	\$ 15,791	\$ 135,561
Total liabilities	\$ -	\$ 112,413	\$ 7,357	\$ 15,791	\$ 135,561

**The County of Jefferson, Florida
Sheriff**

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE**

Year ended September 30, 2007

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues			
County appropriation	\$ 3,065,000	\$ 3,065,000	\$ -
Interest earned	-	5,351	5,351
Total revenues	<u>3,065,000</u>	<u>3,070,351</u>	<u>5,351</u>
Expenditures			
Personal services	2,415,174	2,135,612	279,562
Operating expenses	564,786	728,550	(163,764)
Capital outlay	85,040	200,266	(115,226)
Total expenditures	<u>3,065,000</u>	<u>3,064,428</u>	<u>572</u>
Excess of revenues over expenditures	<u>\$ -</u>	5,923	<u>\$ 5,923</u>
Fund balance - beginning of year		-	
Less: amount reverting to Board of County Commissioners		<u>(5,923)</u>	
Fund balance - end of year		<u>\$ -</u>	

**The County of Jefferson, Florida
Sheriff**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

For the year ended September 30, 2007

AGENCY FUNDS					
	INDIVIDUAL DEPOSITORS	PRISONERS WELFARE	COMMISSARY	PROGRAM GENERATED INCOME	TOTALS (MEMORANDUM ONLY)
Receipts					
Deposits received	\$ 14,975	\$ 26,445	\$ 76,573	\$ 3,235	\$ 121,228
Interest	-	1,071	-	-	1,071
Total receipts	<u>14,975</u>	<u>27,516</u>	<u>76,573</u>	<u>3,235</u>	<u>122,299</u>
Disbursements					
Disbursed to:					
Board of County Commissioners	13,060	-	-	-	13,060
Clerk of the Circuit Court	-	-	-	-	-
Others	<u>2,265</u>	<u>16,796</u>	<u>79,463</u>	<u>18,352</u>	<u>116,876</u>
Total disbursements	<u>15,325</u>	<u>16,796</u>	<u>79,463</u>	<u>18,352</u>	<u>129,936</u>
Excess of receipts over (under) disbursements	(350)	10,720	(2,890)	(15,117)	(7,637)
Beginning cash balances	<u>350</u>	<u>101,693</u>	<u>10,247</u>	<u>30,908</u>	<u>143,198</u>
Ending cash balances	<u>\$ -</u>	<u>\$ 112,413</u>	<u>\$ 7,357</u>	<u>\$ 15,791</u>	<u>\$ 135,561</u>

**The County of Jefferson, Florida
Sheriff**

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 1 - 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 Jefferson County Sheriff funds his operations as a Budget Officer pursuant to Florida Statutes. As a Budget Officer, the operations as Sheriff are approved and funded by the Board. The budgeted receipts from the Board are recorded as revenue on the Sheriff's financial statements. Any excess of revenues over expenditures is remitted to the Board at year end.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Jefferson County Sheriff conform to generally accepted accounting principles (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 Sheriff 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 Sheriff's funds are as follows:

**The County of Jefferson, Florida
Sheriff**

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

Governmental Fund:

General Fund - The general fund is the general operating fund of the Jefferson County Sheriff. 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 Sheriff as an agent for individuals, private organizations, other governments and/or other funds.

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.

**The County of Jefferson, Florida
Sheriff**

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

All governmental funds are accounted for using the modified 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 Sheriff considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Agency funds are accounted for using the cash receipts and disbursements basis of accounting.

Budgetary Requirements

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with 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 of the annual budget for the year. Budgets are prepared on the modified accrual (GAAP) basis of accounting.

The Jefferson County Sheriff'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 Sheriff are capitalized and are reflected in the government wide financial statements of Jefferson County, Florida as a whole.

Memorandum Column

The column captioned "Totals Memorandum Only" is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**The County of Jefferson, Florida
Sheriff**

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

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, 2007, the carrying amount of the Jefferson County Sheriff's deposits was \$152,626 and the bank balance was \$380,430. 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 calculated according to formulas established by Chapter 280. 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 Sheriff were placed with two local banks 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 Sheriff participates in the Florida Retirement System (the System), which presently covers all qualified Jefferson County Sheriff 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 Sheriff employees covered by the System was \$1,471,887. The total payroll for the year ended September 30, 2007 was \$1,471,887.

**The County of Jefferson, Florida
Sheriff**

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

NOTE 4 - EMPLOYEE BENEFITS (Continued)

All eligible employees of the Jefferson County Sheriff participate in the System. 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. Special Risk class members are eligible for normal retirement after they have met one of the following: 1) six years of special risk service and age 55; 2) twenty five years of service, consisting of special risk service and up to four years of military, and age 52; 3) twenty five years of special risk service, regardless of age; or 4) thirty years of any creditable service, regardless of age. 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. 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 Sheriff, are required to contribute 9.85% of the compensation for regular members, 20.92% for special risk employees, and 16.53% for elected officials. During the year ended September 30, 2007, 2006, and 2005 the Jefferson County Sheriff contributed \$273,074, \$248,456, and \$211,080, respectively to the System for covered employees. These contributions represented 100% of the Sheriff's required contributions.

**MANAGEMENT LETTER
REPORT ON INTERNAL CONTROL STRUCTURE RELATED MATTERS
AND COMPLIANCE**

SHERIFF

THE COUNTY OF JEFFERSON, FLORIDA

FOR THE YEAR ENDED SEPTEMBER 30, 2007

BETTS, ROGERS, SCHENCK & JONES
CERTIFIED PUBLIC ACCOUNTANTS
PROFESSIONAL ASSOCIATION

MEMBERS
PRIVATE COMPANIES
PRACTICE SECTION OF THE
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

November 29, 2007

MANAGEMENT LETTER

Honorable David C. Hobbs
Sheriff
Jefferson County, Florida

We have audited the financial statements of the Jefferson County, Florida Sheriff, as of and for the fiscal year ended September 30, 2007, and have issued our report thereon dated November 29, 2007.

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 29, 2007. 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 recommendations made in the preceding annual financial audit report have been followed. There were no recommendations in the preceding annual financial audit.

As required by the Rules of the Auditor General (Section 10.554 (1)(i)2.), we are required to state whether or not the Jefferson County, Florida Sheriff complied with Section 218.415, Florida Statutes, regarding the investment of public funds. We determined the Jefferson County, Florida Sheriff complied with the Florida Statutes with regard to the investment of public funds.

The Rules of the Auditor General (Section 10.554 (1)(i)3.) require that we make recommendations to improve the Jefferson County, Florida, Sheriff's financial management, accounting procedures, and internal controls. Based on our audit, we have no recommendations for the current year.

The Rules of the Auditor General (Sections 10.554 (1)(i) 4a., 4b., 4c1., 4c2., and 4c3.) require disclosure in the management letter of the following matters based on the auditor's professional judgment regarding matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors, including the following: violations of laws, rules, 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 financial 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; and other inaccuracies, shortages, and 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 Rules of the Auditor General (Sections 10.554(1)(i) 4a., 4b., 4c1., 4c2., and 4c3.).

The Rules of the Auditor General (Sections 10.554 (1)(i) 5.) require that we disclose the 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. This information is disclosed in the notes to the financial statements of the Jefferson County, Florida Sheriff.

This management letter is intended for the information of the Jefferson County, Florida Sheriff 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.

Beth, Ragan, Schuch, & Jones

BETTS, ROGERS, SCHENCK & JONES
CERTIFIED PUBLIC ACCOUNTANTS
PROFESSIONAL ASSOCIATION

MEMBERS
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PUBLIC ACCOUNTANTS

November 29, 2007

**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**

Honorable David C. Hobbs
Sheriff
Jefferson County, Florida

We have audited the combined financial statements of governmental activities, each major fund, and the aggregate remaining fund information of the Sheriff of Jefferson County, Florida, as of and for the year ended September 30, 2007, and have issued our report thereon dated November 29, 2007. 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 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 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. 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 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 Sheriff 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*.

This report is intended solely for the information and use of the Sheriff, 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.

Beth, Rogers, Schuch, & Jones