

FINANCIAL STATEMENTS AND AUDITOR'S REPORT
THE COUNTY OF JEFFERSON, FLORIDA
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

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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 16, 2005

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, 2004, 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, 2004, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplemental information required by the GASB. The County of Jefferson, Florida, has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated May 16, 2005, 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 Rager, Schuck, June

**JEFFERSON COUNTY, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2004**

**Governmental
Activities**

ASSETS

Current assets:	
Cash, including time deposits	\$ 4,088,747
Investments	564,454
Accrued interest receivable	3,136
Accounts receivable	301,780
Due from other governments	1,435,392
Inventory of supplies	<u>136,349</u>
Total current assets	<u>6,529,858</u>
Noncurrent assets:	
Capital assets (net)	<u>7,854,725</u>
Total assets	<u>14,384,583</u>

LIABILITIES

Current liabilities:	
Accounts payable	201,835
Capital lease obligations	103,612
Public improvement revenue bonds payable	<u>131,000</u>
Total current liabilities	<u>436,447</u>
Noncurrent liabilities:	
Capital lease obligations	236,454
Public improvement revenue bonds payable	<u>2,840,000</u>
Total noncurrent liabilities	<u>3,076,454</u>
Total liabilities	<u>3,512,901</u>

NET ASSETS

Invested in capital assets, net of related debt	4,543,659
Restricted for:	
Debt service	52,571
Capital projects	502,541
Law enforcement	208,439
Solid waste	163,231
Fire safety	389,084
Local government criminal justice	20,411
Emergency communications	351,813
Unrestricted	<u>4,639,933</u>
Total net assets	<u>\$ 10,871,682</u>

JEFFERSON COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
Year ended September 30, 2004

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	\$ 403,402	\$ -	\$ -	\$ (403,402)
Tax Collector	302,758	218,753	-	(84,005)
Property Appraiser	355,415	6,452	-	(348,963)
Clerk of the Circuit Court	332,835	71,360	-	(261,475)
Supervisor of Elections	166,758	3,713	-	(163,045)
Other general government	1,039,239	1,869	-	(1,037,370)
Total general government	2,600,407	302,147	-	(2,298,260)
Transportation:				
County roads and bridges	2,010,942	28,244	642,749	(1,339,949)
Public safety and judiciary:				
Ambulance service	641,650	453,151	-	(188,499)
Law enforcement	2,505,269	275,265	156,940	(2,073,064)
Fire	349,230	382,262	-	33,032
County jail	270,822	-	-	(270,822)
Emergency management	199,434	-	239,697	40,263
State attorney	22,623	-	-	(22,623)
Public defender	21,623	-	-	(21,623)
Building inspection	97,126	244,171	-	147,045
Other public safety and judiciary	108,225	-	-	(108,225)
Total public safety and judiciary	4,216,002	1,354,849	396,637	(2,464,516)
Health and sanitation:				
Health department	120,192	-	103,000	(17,192)
Refuse and solid waste	1,481,657	1,002,581	189,242	(289,834)
Indigent health care	190,368	-	-	(190,368)
Mental health	21,000	-	-	(21,000)
Total health and sanitation	1,813,217	1,002,581	292,242	(518,394)
Economic development:				
Chamber of commerce/economic development	120,736	-	-	(120,736)
Housing assistance	999,859	-	1,235,911	236,052
Job training	-	-	1,300	1,300
Food distribution	2,387	-	1,796	(591)
Community development	101,975	-	271,915	169,940
Agriculture/soil conservation	135,228	-	-	(135,228)
Total economic development	1,360,185	-	1,510,922	150,737

**JEFFERSON COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
Year ended September 30, 2004**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Fees, Fines and Charges for Services	Operating Grants and Contributions	
Veterans affairs:				-
Veterans affairs	8,448	-	-	(8,448)
Total veterans affairs	<u>8,448</u>	-	-	<u>(8,448)</u>
Culture and recreation:				-
Library	243,176	-	164,480	(78,696)
Recreation	55,377	-	12,800	(42,577)
Total culture and recreation	<u>298,553</u>	-	<u>177,280</u>	<u>(121,273)</u>
Interest charges	259,418	-	-	259,418
Total governmental activities	<u>\$ 12,567,172</u>	<u>\$ 2,687,821</u>	<u>\$ 3,019,830</u>	<u>\$ (6,859,521)</u>

General revenues:

Taxes:

Ad valorem	3,301,192
Racing taxes	223,250
Sales	1,499,371
E-911 taxes	106,579
Gasoline	1,899,824
Intergovernmental	353,450
Miscellaneous	<u>131,366</u>
Total general revenues	<u>7,515,032</u>

Change in net assets	655,511
Net assets - beginning of the year	<u>10,216,171</u>
Net assets - end of the year	<u>\$ 10,871,682</u>

JEFFERSON COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2004

	General Fund	County Transportation Trust Fund	Fine & Forfeiture Fund	Sales Tax Fund	Capital Projects Fund	Grants Fund	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash	\$ 1,095,559	\$ 14,732	\$ 262,712	\$ -	\$ 1,283,641	\$ 1,197,108	\$ 234,995	\$ 4,088,747
Investments	114,806	435,221	14,427	-	-	-	-	564,454
Accrued interest receivable	-	-	3,136	-	-	-	-	3,136
Accounts receivable	301,780	-	-	-	-	-	-	301,780
Due from other agencies	-	-	-	-	-	-	-	-
Due from other funds	164,308	-	-	867,378	-	-	926,070	1,957,756
Due from other governments	294,446	869,389	71,540	144,926	-	8,219	46,872	1,435,392
Loan to other fund	13,856	-	-	-	-	-	-	13,856
Inventory of supplies	-	136,349	-	-	-	-	-	136,349
Total assets	\$ 1,984,755	\$ 1,455,691	\$ 351,815	\$ 1,012,304	\$ 1,283,641	\$ 1,205,327	\$ 1,207,937	\$ 8,501,470
LIABILITIES								
Accounts payable	\$ 93,116	\$ 56,803	\$ -	\$ -	\$ -	\$ 3,512	\$ 48,404	\$ 201,835
Due to other funds	-	759,378	143,376	-	781,100	91,481	182,421	1,957,756
Loan from other fund	-	-	-	-	-	13,856	-	13,856
Total liabilities	93,116	816,181	143,376	-	781,100	108,849	230,825	2,173,447
FUND BALANCES								
Reserved for:								
Inventories	-	136,349	-	-	-	-	-	136,349
Law enforcement	-	-	428,265	-	-	-	-	428,265
Unreserved, reported in:								
General fund	1,891,639	-	-	-	-	-	-	1,891,639
County transportation trust fund	-	503,161	-	-	-	-	-	503,161
Grants fund	-	-	-	-	-	1,096,478	-	1,096,478
Sales tax fund	-	-	-	1,012,304	-	-	-	1,012,304
Fine & forfeiture fund	-	-	(219,826)	-	-	-	-	(219,826)
Capital projects fund	-	-	-	-	502,541	-	-	502,541
Debt service fund	-	-	-	-	-	-	52,573	52,573
Special revenue funds	-	-	-	-	-	-	924,539	924,539
Total fund balances	1,891,639	639,510	208,439	1,012,304	502,541	1,096,478	977,112	6,328,023
Total liabilities and fund balances	\$ 1,984,755	\$ 1,455,691	\$ 351,815	\$ 1,012,304	\$ 1,283,641	\$ 1,205,327	\$ 1,207,937	

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 \$32,772,146

7,854,725

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

(340,066)
(2,971,000)

Net assets of governmental activities

\$ 10,871,682

JEFFERSON COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2004

	General Fund	County Transportation Trust Fund	Fine and Forfeiture Fund	Sales Tax Fund	Capital Projects Fund	Grants Fund	Other Governmental Funds	Total Governmental Funds
REVENUES								
Taxes	\$ 2,642,119	\$ 737,594	\$ 659,073	\$ 912,674	\$ -	\$ -	\$ 365,833	\$ 5,317,293
Licenses and permits	244,171	-	-	-	-	-	-	244,171
Intergovernmental	1,554,465	1,657,350	156,940	-	114,905	1,396,017	206,526	5,086,203
Charges for services	816,207	28,244	14,110	-	-	-	-	858,561
Fines and costs	-	-	261,155	-	-	-	27,523	288,678
Miscellaneous	40,717	19,291	34,826	-	33,399	1,037	1,298,507	1,427,777
Total revenues	<u>5,297,679</u>	<u>2,442,479</u>	<u>1,126,104</u>	<u>912,674</u>	<u>148,304</u>	<u>1,397,054</u>	<u>1,898,389</u>	<u>13,222,683</u>
EXPENDITURES								
Current:								
General government:								
Board of county commissioners	403,402	-	-	-	-	-	-	403,402
County attorney	81,618	-	-	-	-	-	-	81,618
County coordinator	-	-	-	-	-	-	-	-
Property appraiser	355,415	-	-	-	-	-	-	355,415
Tax collector	302,758	-	-	-	-	-	-	302,758
Clerk of the circuit court	320,088	-	-	-	-	-	-	320,088
Supervisor of elections	166,758	-	-	-	-	-	-	166,758
County planning	102,506	-	-	-	-	-	-	102,506
Other general government	122,090	-	-	-	-	-	-	122,090
Total general government	<u>1,854,635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,854,635</u>
Transportation:								
County roads and bridges	-	2,001,560	-	-	-	-	-	2,001,560
Total transportation	<u>-</u>	<u>2,001,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,001,560</u>
Public safety and judiciary:								
Law enforcement	-	-	2,385,628	-	-	-	-	2,385,628
State attorney	22,623	-	-	-	-	-	-	22,623
Public defender	21,623	-	-	-	-	-	-	21,623
Court reporters	45,452	-	-	-	-	-	-	45,452
Fire control and safety	11,279	-	-	-	-	-	310,279	321,558
County jail	270,822	-	-	-	-	-	-	270,822
Building inspection	97,126	-	-	-	-	-	-	97,126
Construction licensing	5,337	-	-	-	-	-	-	5,337
Emergency management	169,861	-	-	-	-	-	29,573	199,434
Ambulance service	641,650	-	-	-	-	-	-	641,650
Medical examiner	22,279	-	-	-	-	-	-	22,279
Total public safety and judiciary	<u>1,308,052</u>	<u>-</u>	<u>2,385,628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>339,852</u>	<u>4,033,532</u>

JEFFERSON COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2004

	General Fund	County Transportation Trust Fund	Fine and Forfeiture Find	Sales Tax Fund	Capital Projects Fund	Grants Fund	Other Governmental Funds	Total Governmental Funds
Health and sanitation:								
Health department	120,192	-	-	-	-	-	-	120,192
Mental health	21,000	-	-	-	-	-	-	21,000
Refuse and solid waste	181,236	-	-	-	-	-	1,303,879	1,485,115
Indigent health care	190,368	-	-	-	-	-	-	190,368
Total health and sanitation	512,796	-	-	-	-	-	1,303,879	1,816,675
Economic development:								
Economic development	5,831	-	-	-	114,905	-	-	120,736
Housing assistance	-	-	-	-	-	991,473	-	991,473
Job training	-	-	-	-	-	-	-	-
Food distribution	-	-	-	-	-	2,387	-	2,387
Community development	-	-	-	-	-	101,975	-	101,975
Agriculture/soil conservation	135,228	-	-	-	-	-	-	135,228
Total economic development	141,059	-	-	-	114,905	1,095,835	-	1,351,799
Veterans affairs:								
Veterans affairs	8,448	-	-	-	-	-	-	8,448
Total veterans affairs	8,448	-	-	-	-	-	-	8,448
Culture and recreation:								
Library	235,228	-	-	-	-	-	-	235,228
Recreation	55,377	-	-	-	-	-	-	55,377
Total culture and recreation	290,605	-	-	-	-	-	-	290,605
Debt service:								
Principal	-	-	-	-	-	-	310,000	310,000
Interest	-	-	-	-	-	-	259,418	259,418
Total debt service	-	-	-	-	-	-	569,418	569,418
Capital outlay	127,431	69,176	50,554	-	-	-	36,579	283,740
Total expenditures	4,243,026	2,070,736	2,436,182	-	114,905	1,095,835	2,249,728	12,210,412
Excess (deficiency) of revenues over expenditures	1,054,653	371,743	(1,310,078)	912,674	33,399	301,219	(351,339)	1,012,271
OTHER FINANCING SOURCES (USES)								
Transfers in	561,254	127,965	542,484	-	-	-	168,080	1,399,783
Transfers out	(838,529)	-	-	(480,766)	-	-	(80,488)	(1,399,783)
Total other financing sources and (uses)	(277,275)	127,965	542,484	(480,766)	-	-	87,592	-
Net change in fund balances	777,378	499,708	(767,594)	431,908	33,399	301,219	(263,747)	1,012,271
Fund balance - beginning	1,114,261	3,453	976,033	580,396	469,142	795,259	1,240,859	5,179,403
Fund balance - ending	\$ 1,891,639	\$ 503,161	\$ 208,439	\$ 1,012,304	\$ 502,541	\$ 1,096,478	\$ 977,112	\$ 6,191,674

**JEFFERSON COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2004**

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

Net change in fund balances - total governmental funds \$ 1,012,271

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	123,685
Depreciation expense	(722,096)

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	116,651
Public Improvement Revenue Bond principal payments	<u>125,000</u>

Change in Net Assets of Governmental Activities	<u>\$ 655,511</u>
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**JEFFERSON COUNTY, FLORIDA
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
September 30, 2004**

	Agency Funds
ASSETS	
Cash	\$ <u>673,106</u>
Total assets	\$ <u>673,106</u>
LIABILITIES	
Due to other agencies	\$ 365,663
Deposits held in escrow	<u>307,443</u>
Total liabilities	\$ <u>673,106</u>

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2004

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 may be financially accountable if an organization is fiscally

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2004

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, 2004

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.

Grants Fund-

Grants Fund is a special revenue fund used to account for the receipt and expenditure of federal and state grants for economic development, jobs training, low income housing and energy assistance, food distribution and other grant purposes.

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2004

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 due.

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 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

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2004

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.

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 2003 millage rate assessed by the County was 10 mills.

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

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

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

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

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2004

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 \$500 or more and an estimated useful life in excess of one year. Except for roads and bridges, assets are recorded at historical cost. Roads and bridges are reported at estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend its useful life are not capitalized.

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2004

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	20-40
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, 2004

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 \$4,088,747 and the bank balances were \$5,317,928 at September 30, 2004. 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, 2004

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, 2004, and no further allowance is considered necessary. Bad debt expense for the year was \$192,032.

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, 2004, was as follows:

	<u>Balance at</u>			<u>Balance at</u>
	<u>9/30/2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>9/30/2004</u>
Governmental activities:				
Land	\$ 671,163	\$ -	\$ -	\$ 671,163
Buildings & improvements	7,367,141	-	-	7,367,141
Equipment	6,429,375	153,397	34,845	6,547,927
Infrastructure	<u>26,040,640</u>	<u>-</u>	<u>-</u>	<u>26,040,640</u>
Totals at historical cost	<u>40,508,319</u>	<u>153,397</u>	<u>34,845</u>	<u>40,626,871</u>
Less accumulated depreciation:				
Buildings & improvements	(1,738,235)	(184,072)	-	(1,922,307)
Equipment	(4,273,675)	(538,024)	2,500	(4,809,199)
Infrastructure	<u>(26,040,640)</u>	<u>-</u>	<u>-</u>	<u>(26,040,640)</u>
Total accumulated depreciation	<u>(32,052,550)</u>	<u>(722,096)*</u>	<u>2,500</u>	<u>(32,772,146)</u>
Governmental activities capital				
Assets, net	\$ <u>8,455,769</u>	\$ <u>(568,699)</u>	\$ <u>(32,345)</u>	\$ <u>7,854,725</u>

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2004

*Depreciation expense was charged to governmental activities as follows:

General government:	
Board of County Commissioners	\$206,593
Property Appraiser	19,714
Clerk of the Circuit Court	13,558
Supervisor of Elections	16,323
General government	<u>1,297</u>
Total general government	<u>257,485</u>
Transportation:	
County road department	<u>117,826</u>
Public safety and judiciary:	
Ambulance service	35,157
Law enforcement	155,506
Fire department	37,463
Emergency management	13,480
Building inspection	<u>2,611</u>
Total public safety and judiciary	<u>244,217</u>
Health and sanitation:	
Refuse and solid waste	<u>82,041</u>
Economic development:	
Grants department	4,193
Agriculture/soil conservation	<u>8,386</u>
Total economic development	<u>12,579</u>
Culture and recreation:	
Recreation	1,832
Library	<u>6,116</u>
Total culture and recreation	<u>7,948</u>
Total depreciation expense	<u>\$ 722,096</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, 2010.

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2004

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, 2004 follows:

	<u>Balance</u> <u>9/30/2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/2004</u>
Installment obligations	\$ 456,717	\$ -	\$ 116,651	\$ 340,066
Revenue bond	<u>3,096,000</u>	<u>-</u>	<u>125,000</u>	<u>2,971,000</u>
	<u>\$3,552,717</u>	<u>\$ -</u>	<u>\$ 241,651</u>	<u>\$3,311,066</u>

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2004

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2004 are as follows:

Year ended <u>September 30:</u>	<u>Governmental Activities</u>			
	<u>Installment Obligations</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 103,632	\$ 11,083	\$ 131,000	\$ 133,695
2006	78,935	6,187	137,000	127,800
2007	82,175	2,971	143,000	121,635
2008	75,324	2,568	149,000	115,200
2009	-	-	156,000	108,495
2010-2014	-	-	891,000	430,695
2015-2019	-	-	1,111,000	211,320
2020	-	-	253,000	1,385
Totals	<u>\$ 340,066</u>	<u>\$ 22,809</u>	<u>\$ 2,971,000</u>	<u>\$ 1,250,225</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, 2004

Operating transfers during the year ended September 30, 2004 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Purpose</u>
General fund:			
County Transportation Trust Fund	\$ -	\$ 127,965	(1)
Fine & Forfeiture fund	-	542,484	(1)
Sales Tax Fund	480,766	-	(1)
Nonmajor governmental	<u>80,488</u>	<u>168,080</u>	(2)
Total General Fund	<u>561,254</u>	<u>838,529</u>	
County Transportation Trust Fund:			
General Fund	<u>127,965</u>	-	(1)
Fine & Forfeiture Fund:			
General Fund	<u>542,484</u>	-	(1)
Sales Tax Fund:			
General Fund	<u>-</u>	<u>480,766</u>	(1)
Total Nonmajor Funds	<u>168,080</u>	<u>80,488</u>	(1)
Grand Totals	<u>\$ 1,399,783</u>	<u>\$ 1,399,783</u>	

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

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

The purposes of individual fund interfund receivable and payable balances at September 30, 2004 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	\$ -	\$ 143,376
General Fund	164,308	-
County Transportation Trust Fund	-	759,378
Capital Projects Fund	-	781,100
Grants Fund	-	91,481
Sales Tax Fund	867,378	-
Nonmajor Governmental Funds	<u>926,070</u>	<u>182,421</u>
	<u>\$ 1,957,756</u>	<u>\$ 1,957,756</u>

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2004

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, 2004.
- 2) Excesses of expenditures over appropriations in individual funds. During the 2003-2004 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 alleged discrimination and worker's compensation claims. 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 approximately \$3,283,192 of these funds on road construction and improvements to date.

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2004

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.

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.

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2004

NOTE K - RETIREMENT PROGRAM - CONTINUED

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.

As of September 30, 2004 the contribution rates were as follows:

<u>Employer</u>	<u>Percent of Gross Salary</u>	
		<u>Employee</u>
Florida Retirement System, Regular	0.00	7.39%
Florida Retirement System, County Elected Officers	0.00	15.23%

The County's 2003-2004 fiscal year payroll for all employees totaled \$2,208,245, including \$2,169,586 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, 2004, 2003 and 2002 totaled \$217,251, \$206,680 and \$227,415, 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

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2004

NOTE K - RETIREMENT PROGRAM - CONTINUED

(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 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 2003-2004 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 2003-2004 fiscal year and as of June 30, 2004, 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 postclosure cost of maintenance, monitoring and testing is expected to be \$117,669 per year for the next 20 years. The estimate of postclosure 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 postclosure liabilities referenced above. The County maintains an escrow account to fund postclosure costs annually.

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2004

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 October 1, 2004.

Information regarding the bond issue is as follows:

Amount of Issue:	\$3,600,000	
Date of Issue:	September 1, 1992	
Maturity Dates:		
	May 1, 2005	\$ 195,000
	May 1, 2006	205,000
	May 1, 2007	215,000
	May 1, 2008	225,000
	May 1, 2009	235,000
	May 1, 2010 - 2012	<u>815,000</u>
		<u>\$1,890,000</u>

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2004

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	\$136,349
Fine and Forfeiture Fund - Reserve for special law enforcement fund, court education fund and communications trust fund	<u>208,439</u> <u>\$344,788</u>
Capital Projects Fund - Reserve for road construction	<u>\$502,541</u>
Debt Service Fund - Reserve for debt service	<u>\$ 52,571</u>

The reserve for debt service in the debt service fund is the accumulation of pledged gasoline tax revenues discussed in the 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, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning budgetary fund balance	\$ 1,114,261	\$ 1,114,261	\$ 1,114,261	\$ -
Resources (Inflows):				
Taxes:				
Ad valorem	2,786,387	2,786,387	2,642,119	(144,268)
Franchise fees	600	600	-	(600)
Total taxes	<u>2,786,987</u>	<u>2,786,987</u>	<u>2,642,119</u>	<u>(144,868)</u>
				-
Licenses and permits:				
Occupational licenses	2,500	2,500	4,195	1,695
Contractors licenses	4,500	4,500	7,150	2,650
Building permits	87,000	87,000	119,640	32,640
Development code permits	75,000	75,000	113,186	38,186
Total licenses and permits	<u>169,000</u>	<u>169,000</u>	<u>244,171</u>	<u>75,171</u>
				-
Intergovernmental:				
Emergency management grants	154,214	154,214	151,367	(2,847)
Diabetes grant	-	-	103,000	103,000
Other grants	-	-	24,925	24,925
State library aid	164,479	164,479	164,480	1
State revenue sharing	243,916	243,916	270,834	26,918
Insurance agent licenses	14,000	14,000	27,888	13,888
Mobile home licenses	6,000	6,000	8,138	2,138
Alcoholic beverage licenses	1,250	1,250	1,700	450
Cardroom tax	-	-	1,801	1,801
Racing taxes	111,625	111,625	111,625	-
State sales taxes	631,239	631,239	586,697	(44,542)
Emergency medical grants	25,000	25,000	71,046	46,046
Recreation grant	217,508	217,508	12,800	(204,708)
State payments in lieu of taxes	20,000	20,000	18,164	(1,836)
Total intergovernmental	<u>1,589,231</u>	<u>1,589,231</u>	<u>1,554,465</u>	<u>(34,766)</u>
				-
Charges for services:				
Ambulance fees	300,000	300,000	453,151	153,151
Tax collector fees	362,783	362,783	218,753	(144,030)
Clerk of Court fees	-	-	43,837	43,837
Other elected officials fees	-	-	10,165	10,165
Public Defender liens	-	-	220	220
Law library fees	750	750	1,649	899
Garbage and refuse fees	88,476	88,476	88,432	(44)
Total charges for services	<u>752,009</u>	<u>752,009</u>	<u>816,207</u>	<u>64,198</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Miscellaneous:				-
Interest	-	-	20,028	20,028
Donations	12,130	12,130	13,005	875
Rent income	1,500	1,500	1,500	-
Other miscellaneous income	-	-	6,184	6,184
Total miscellaneous	<u>13,630</u>	<u>13,630</u>	<u>40,717</u>	<u>27,087</u>
Other financing sources:				
Transfers in	<u>561,254</u>	<u>561,254</u>	<u>561,254</u>	<u>-</u>
Total resources (inflows)	<u>5,872,111</u>	<u>5,872,111</u>	<u>5,858,933</u>	<u>(13,178)</u>
Amounts available for appropriation	<u>6,986,372</u>	<u>6,986,372</u>	<u>6,973,194</u>	<u>(13,178)</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2004**

	<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):				
Board of County Commissioners:				
Personal services	142,727	142,727	141,698	1,029
Operating expenses	270,033	276,332	261,704	14,628
Capital outlay	<u>2,500</u>	<u>2,500</u>	-	<u>2,500</u>
Total Board of County Commissioners	<u>415,260</u>	<u>421,559</u>	<u>403,402</u>	<u>18,157</u>
County Attorney:				
Operating expenses	<u>61,899</u>	<u>61,899</u>	<u>81,618</u>	<u>(19,719)</u>
Property Appraiser:				
Personal services	260,100	260,100	247,141	12,959
Operating expenses	124,364	124,364	108,274	16,090
Capital outlay	<u>7,000</u>	<u>7,000</u>	<u>10,718</u>	<u>(3,718)</u>
Total property appraiser	<u>391,464</u>	<u>391,464</u>	<u>366,133</u>	<u>25,331</u>
Tax Collector:				
Personal services	248,000	248,000	247,420	580
Operating expenses	112,875	112,875	55,338	57,537
Capital outlay	<u>3,783</u>	<u>3,783</u>	-	<u>3,783</u>
Total tax collector	<u>364,658</u>	<u>364,658</u>	<u>302,758</u>	<u>61,900</u>
Clerk of the Circuit Court:				
Personal services	267,803	267,803	267,803	-
Operating expenses	94,549	94,549	52,285	42,264
Capital outlay	<u>6,534</u>	<u>6,534</u>	<u>2,550</u>	<u>3,984</u>
Total Clerk of the Circuit Court	<u>368,886</u>	<u>368,886</u>	<u>322,638</u>	<u>46,248</u>
State attorney:				
Operating expenses	<u>31,288</u>	<u>29,288</u>	<u>22,623</u>	<u>6,665</u>
Public defender:				
Operating expenses	<u>26,413</u>	<u>28,413</u>	<u>21,623</u>	<u>6,790</u>
Court reporters:				
Operating expenses	<u>43,440</u>	<u>43,440</u>	<u>45,452</u>	<u>(2,012)</u>
Supervisor of elections:				
Personnel services	112,793	112,793	112,277	516
Operating expenses	<u>78,780</u>	<u>78,780</u>	<u>54,481</u>	<u>24,299</u>
Total supervisor of elections	<u>191,573</u>	<u>191,573</u>	<u>166,758</u>	<u>24,815</u>
Grants management:				
Personnel services	34,814	34,814	23,544	11,270
Operating expenses	<u>17,800</u>	<u>17,800</u>	<u>16,515</u>	<u>1,285</u>
Total grants management	<u>52,614</u>	<u>52,614</u>	<u>40,059</u>	<u>12,555</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Courthouse and annexes:				
Personnel services	21,955	21,955	18,167	3,788
Operating expenses	82,160	82,160	63,864	18,296
Capital outlay	24,500	24,500	-	24,500
Total courthouse and annexes	<u>128,615</u>	<u>128,615</u>	<u>82,031</u>	<u>46,584</u>
County planning:				
Personnel services	69,749	69,749	69,353	396
Operating expenses	22,971	22,971	33,153	(10,182)
Capital outlay	4,000	4,000	6,246	(2,246)
Total county planning	<u>96,720</u>	<u>96,720</u>	<u>108,752</u>	<u>(12,032)</u>
Economic development:				
Operating expenses	-	5,831	5,831	-
Veterans affairs:				
Personnel services	7,739	7,739	7,600	139
Operating expenses	3,000	3,000	848	2,152
Total veterans affairs	<u>10,739</u>	<u>10,739</u>	<u>8,448</u>	<u>2,291</u>
Fire control:				
Operating expenses	11,300	11,300	11,279	21
County jail:				
Operating expenses	456,800	443,108	270,822	172,286
Capital outlay	5,000	5,000	-	5,000
Total county jail	<u>461,800</u>	<u>448,108</u>	<u>270,822</u>	<u>177,286</u>
Building inspection:				
Personnel services	85,076	85,076	85,799	(723)
Operating expenses	18,131	18,131	11,327	6,804
Capital outlay	-	-	-	-
Total building inspection	<u>103,207</u>	<u>103,207</u>	<u>97,126</u>	<u>6,081</u>
Medical examiner:				
Operating expenses	25,000	25,000	22,279	2,721
Emergency management:				
Personnel services	74,531	74,531	75,638	(1,107)
Operating expenses	70,102	95,102	94,223	879
Capital outlay	8,097	8,097	8,097	-
Total emergency management	<u>152,730</u>	<u>177,730</u>	<u>177,958</u>	<u>(228)</u>
Construction licensing:				
Personnel services	5,437	5,437	5,328	109
Operating expenses	573	573	9	564
Total construction licensing	<u>6,010</u>	<u>6,010</u>	<u>5,337</u>	<u>673</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Refuse/solid waste:				
Personnel services	130,001	130,001	139,844	(9,843)
Operating expenses	<u>54,086</u>	<u>54,086</u>	<u>41,392</u>	<u>12,694</u>
Total refuse/solid waste	<u>184,087</u>	<u>184,087</u>	<u>181,236</u>	<u>2,851</u>
Health department:				
Operating expenses	<u>17,770</u>	<u>17,770</u>	<u>120,192</u>	<u>(102,422)</u>
Mental health:				
Operating expenses	<u>21,000</u>	<u>21,000</u>	<u>21,000</u>	<u>-</u>
Ambulance service:				
Personnel services	360,399	360,399	365,062	(4,663)
Operating expenses	196,700	196,700	276,588	(79,888)
Capital outlay	<u>40,000</u>	<u>40,000</u>	<u>30,420</u>	<u>9,580</u>
Total ambulance service	<u>597,099</u>	<u>597,099</u>	<u>672,070</u>	<u>(74,971)</u>
Welfare participation programs:				
Operating expenses	<u>146,200</u>	<u>159,892</u>	<u>190,368</u>	<u>(30,476)</u>
Recreation:				
Personnel services	45,915	45,915	47,960	(2,045)
Operating expenses	8,875	8,875	7,417	1,458
Capital outlay	<u>217,808</u>	<u>217,808</u>	<u>68,017</u>	<u>149,791</u>
Total recreation	<u>272,598</u>	<u>272,598</u>	<u>123,394</u>	<u>149,204</u>
Library:				
Personnel services	130,594	136,094	132,771	3,323
Operating expenses	73,180	112,253	102,457	9,796
Capital outlay	<u>10,050</u>	<u>10,050</u>	<u>-</u>	<u>10,050</u>
Total library	<u>213,824</u>	<u>258,397</u>	<u>235,228</u>	<u>23,169</u>
Agriculture/soil conservation:				
Personnel services	106,636	106,636	107,543	(907)
Operating expenses	31,550	31,550	27,685	3,865
Capital outlay	<u>-</u>	<u>-</u>	<u>1,383</u>	<u>(1,383)</u>
Total agriculture/soil conservation	<u>138,186</u>	<u>138,186</u>	<u>136,611</u>	<u>1,575</u>
Other financing uses:				
Transfers out	<u>838,529</u>	<u>838,529</u>	<u>838,529</u>	<u>-</u>
Total charges to appropriations (outflows)	<u>5,372,909</u>	<u>5,454,612</u>	<u>5,081,555</u>	<u>373,057</u>
Ending budgetary fund balance	<u>\$ 1,613,463</u>	<u>\$ 1,531,760</u>	<u>\$ 1,891,639</u>	<u>\$ 359,879</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
COUNTY TRANSPORTATION TRUST FUND
YEAR ENDED SEPTEMBER 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning budgetary fund balance	\$ 3,453	\$ 3,453	\$ 3,453	\$ -
Resources (inflows):				
Taxes:				
Local option gasoline tax	732,004	737,594	737,594	-
Intergovernmental:				
Small counties road grant	-	642,749	642,749	-
9th cent gas tax	157,461	157,461	154,722	(2,739)
Racing tax	111,625	111,625	111,625	-
Gasoline tax pour over trust	312,025	312,025	311,228	(797)
Motor fuel use tax	-	19,398	19,398	-
5th & 6th cent gasoline tax	430,505	430,505	417,628	(12,877)
Total intergovernmental	<u>1,011,616</u>	<u>1,673,763</u>	<u>1,657,350</u>	<u>(16,413)</u>
Charges for services:				
Pipe installation fees	7,500	11,293	11,293	-
Pipe sales	7,500	7,500	15,096	7,596
Driveway permits	1,000	1,000	1,855	855
Total charges for services	<u>16,000</u>	<u>19,793</u>	<u>28,244</u>	<u>8,451</u>
Miscellaneous:				
Investment income	-	12,150	12,151	1
Sale of surplus equipment	-	6,650	6,650	-
Other miscellaneous	-	-	490	490
Total miscellaneous	<u>-</u>	<u>18,800</u>	<u>19,291</u>	<u>491</u>
Other financing sources:				
Transfers in	127,965	127,965	127,965	-
Total resources (inflows)	<u>1,887,585</u>	<u>2,577,915</u>	<u>2,570,444</u>	<u>(7,471)</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
COUNTY TRANSPORTATION TRUST FUND
YEAR ENDED SEPTEMBER 30, 2004**

	<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>1,891,038</u>	<u>2,581,368</u>	<u>2,573,897</u>	<u>(7,471)</u>
Charges to appropriations (outflows):				
Transportation:				
Personnel services	765,981	765,981	734,200	31,781
Other expenses	547,491	1,237,821	1,267,360	(29,539)
Capital outlay	<u>67,190</u>	<u>67,190</u>	<u>69,176</u>	<u>(1,986)</u>
Total transportation	<u>1,380,662</u>	<u>2,070,992</u>	<u>2,070,736</u>	<u>256</u>
Other financing uses:				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charges to appropriations (outflows)	<u>1,380,662</u>	<u>2,070,992</u>	<u>2,070,736</u>	<u>256</u>
Ending budgetary fund balance	<u>\$ 510,376</u>	<u>\$ 510,376</u>	<u>\$ 503,161</u>	<u>\$ (7,215)</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
FINE AND FORFEITURE FUND
YEAR ENDED SEPTEMBER 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning budgetary fund balance	\$ 976,033	\$ 976,033	\$ 976,033	\$ -
Resources (inflows):				
Taxes:				
Ad valorem	656,597	656,597	659,073	2,476
Intergovernmental:				
Federal grants:				
Anti-drug grant	134,579	134,579	110,527	(24,052)
Local law enforcement block grant	14,174	14,174	7,139	(7,035)
Total federal grants	148,753	148,753	117,666	(31,087)
Resource officer grant	29,151	29,151	30,926	1,775
City drug grant	-	-	8,348	8,348
Total intergovernmental	177,904	177,904	156,940	(20,964)
Charges for services:				
Sheriff fees	10,000	10,000	14,110	4,110
Fines and costs:				
County fines	165,000	165,000	205,728	40,728
Court education trust fund	8,000	8,000	3,797	(4,203)
Confiscated property	-	-	3,230	3,230
Impoundment	-	-	2,250	2,250
Domestic violence trust fund	-	-	1,035	1,035
Communications trust fund	31,700	31,700	45,115	13,415
Total fines and costs	204,700	204,700	261,155	56,455
Miscellaneous:				
Commissary proceeds	-	8,000	22,479	14,479
Investment earnings	-	-	10,477	10,477
Tower rent	-	-	1,870	1,870
Total miscellaneous	-	8,000	34,826	26,826
Other financing sources:				
Transfers in	542,484	542,484	542,484	-
Total resources (inflows)	1,591,685	1,599,685	1,668,588	68,903

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
FINE AND FORFEITURE FUND
YEAR ENDED SEPTEMBER 30, 2004**

	<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>2,567,718</u>	<u>2,575,718</u>	<u>2,644,621</u>	<u>68,903</u>
Charges to appropriations (Outflows):				
Public safety:				
Personnel services	1,656,470	1,656,470	1,656,470	-
Operating expenses	721,713	729,713	729,158	555
Capital outlay	<u>50,554</u>	<u>50,554</u>	<u>50,554</u>	<u>-</u>
Total public safety	<u>2,428,737</u>	<u>2,436,737</u>	<u>2,436,182</u>	<u>555</u>
Total charges to appropriations (outflows)	<u>2,428,737</u>	<u>2,436,737</u>	<u>2,436,182</u>	<u>555</u>
Ending budgetary fund balance	<u>\$ 138,981</u>	<u>\$ 138,981</u>	<u>\$ 208,439</u>	<u>\$ 69,458</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
SALES TAX FUND
YEAR ENDED SEPTEMBER 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning budgetary fund balance	<u>\$ 580,396</u>	<u>\$ 580,396</u>	<u>\$ 580,396</u>	<u>\$ -</u>
Resources (inflows):				
Taxes:				
Local option sales tax	<u>506,070</u>	<u>540,070</u>	<u>912,674</u>	<u>372,604</u>
Total resources (inflows)	<u>506,070</u>	<u>540,070</u>	<u>912,674</u>	<u>372,604</u>
Amounts available for appropriation	<u>1,086,466</u>	<u>1,120,466</u>	<u>1,493,070</u>	<u>372,604</u>
Charges to appropriations (outflows):				
Other financing uses:				
Transfers out	<u>480,766</u>	<u>514,766</u>	<u>480,766</u>	<u>34,000</u>
Total charges to appropriations (outflows)	<u>480,766</u>	<u>514,766</u>	<u>480,766</u>	<u>34,000</u>
Ending budgetary fund balance	<u>\$ 605,700</u>	<u>\$ 605,700</u>	<u>\$ 1,012,304</u>	<u>\$ 406,604</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GRANTS FUND
YEAR ENDED SEPTEMBER 30, 2004**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Beginning budgetary fund balance	\$ 795,259	\$ 795,259	\$ 795,259	\$ -
Resources (inflows):				
Intergovernmental:				
Federal grants:				
Low income housing	680,806	680,806	722,820	42,014
Community development block grant	-	-	157,010	157,010
Jobs training partnership act	-	-	1,300	1,300
Food distribution	4,928	4,928	1,796	(3,132)
Low income energy assistance	75,484	75,484	77,927	2,443
Total federal grants	<u>761,218</u>	<u>761,218</u>	<u>960,853</u>	<u>199,635</u>
State grants:				
State housing initiatives partnership	350,000	350,000	435,164	85,164
Total intergovernmental	<u>1,111,218</u>	<u>1,111,218</u>	<u>1,396,017</u>	<u>284,799</u>
Miscellaneous:				
Investment income	-	-	1,037	1,037
Other	-	-	-	-
Total miscellaneous	<u>-</u>	<u>-</u>	<u>1,037</u>	<u>1,037</u>
Total resources (inflows)	<u>1,111,218</u>	<u>1,111,218</u>	<u>1,397,054</u>	<u>285,836</u>
Amounts available for appropriation	<u>1,906,477</u>	<u>1,906,477</u>	<u>2,192,313</u>	<u>285,836</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GRANTS FUND
YEAR ENDED SEPTEMBER 30, 2004**

	<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):				
Economic environment:				
Low income housing:				
Personnel services	49,010	49,010	42,740	6,270
Other expenses	631,796	631,796	639,579	(7,783)
Total low income housing	<u>680,806</u>	<u>680,806</u>	<u>682,319</u>	<u>(1,513)</u>
Community development block grant:				
Personnel services	-	-	-	-
Other expenses	-	-	101,975	(101,975)
Total community development block grant	<u>-</u>	<u>-</u>	<u>101,975</u>	<u>(101,975)</u>
Food distribution:				
Personnel services	4,478	4,478	2,164	2,314
Other expenses	450	450	223	227
Total food distribution	<u>4,928</u>	<u>4,928</u>	<u>2,387</u>	<u>2,541</u>
State housing initiatives partnership:				
Personnel services	30,000	30,000	30,137	(137)
Other expenses	320,000	320,000	209,383	110,617
Total state housing initiatives partnership	<u>350,000</u>	<u>350,000</u>	<u>239,520</u>	<u>110,480</u>
Low income energy assistance:				
Personnel services	26,217	26,217	11,090	15,127
Other expenses	49,267	49,267	58,544	(9,277)
Total low income energy assistance	<u>75,484</u>	<u>75,484</u>	<u>69,634</u>	<u>5,850</u>
Total charges to appropriations	<u>1,111,218</u>	<u>1,111,218</u>	<u>1,095,835</u>	<u>15,383</u>
Ending budgetary fund balance	<u>\$ 795,259</u>	<u>\$ 795,259</u>	<u>\$ 1,096,478</u>	<u>\$ 301,219</u>

The County of Jefferson, Florida

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

September 30, 2004

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, 2004.

OTHER SUPPLEMENTAL INFORMATION

JEFFERSON COUNTY, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2004

	Special Revenue				Total Nonmajor Governmental Funds
	Fire Assessment	Solic Waste Fund	Local Government Criminal Justice Fund	E-911 fund	
ASSETS					
Cash	\$ -	\$ 3	\$ -	\$ -	\$ 234,992
Due from other governments	30	39,380	-	7,462	-
Due from other funds	393,325	166,973	20,411	345,361	-
Total assets	<u>\$ 393,355</u>	<u>\$ 206,356</u>	<u>\$ 20,411</u>	<u>\$ 352,823</u>	<u>\$ 234,992</u>
					<u>\$ 1,207,937</u>
LIABILITIES					
Accounts payable	\$ 4,271	\$ 43,123	\$ -	\$ 1,010	\$ -
Due to other funds	-	-	-	-	182,421
Total liabilities	<u>4,271</u>	<u>43,123</u>	<u>-</u>	<u>1,010</u>	<u>182,421</u>
					<u>230,825</u>
FUND BALANCES					
Unreserved:					
Designated:					
Fire safety	389,084	-	-	-	-
Criminal justice system	-	-	20,411	-	-
Emergency communications	-	-	-	351,813	-
Undesignated	-	163,233	-	-	52,571
Total fund balances	<u>389,084</u>	<u>163,233</u>	<u>20,411</u>	<u>351,813</u>	<u>52,571</u>
Total liabilities and fund balances	<u>\$ 393,355</u>	<u>\$ 206,356</u>	<u>\$ 20,411</u>	<u>\$ 352,823</u>	<u>\$ 234,992</u>
					<u>\$ 1,207,937</u>

JEFFERSON COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2004

	Special Revenue				Debt Service	Total Nonmajor Governmental Funds
	Fire Assessment	Solid Waste Fund	Local Government Criminal Justice Fund	E-911 Fund		
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 106,579	\$ 259,254	\$ 365,833
Fines and costs	-	-	27,523	-	-	27,523
Intergovernmental	-	189,242	-	17,284	-	206,526
Investment Income	-	1,430	-	-	666	2,096
Miscellaneous	382,262	914,149	-	-	-	1,296,411
Total revenues	<u>382,262</u>	<u>1,104,821</u>	<u>27,523</u>	<u>123,863</u>	<u>259,920</u>	<u>1,898,389</u>
EXPENDITURES						
Current:						
Fire safety	310,279	-	-	-	-	310,279
Public safety	-	-	-	29,573	-	29,573
Health and sanitation	-	1,303,879	-	-	-	1,303,879
Debt Service:						
Principal	-	-	-	-	310,000	310,000
Interest & other	-	-	-	-	259,418	259,418
Capital outlay	36,579	-	-	-	-	36,579
Total expenditures	<u>346,858</u>	<u>1,303,879</u>	<u>-</u>	<u>29,573</u>	<u>569,418</u>	<u>2,249,728</u>
Excess (deficiency) of revenues over expenditures	<u>35,404</u>	<u>(199,058)</u>	<u>27,523</u>	<u>94,290</u>	<u>(309,498)</u>	<u>(351,339)</u>
OTHER FINANCING SOURCES AND (USES)						
Transfers in	-	31,587	-	-	136,493	168,080
Transfers (out)	-	-	(80,488)	-	-	(80,488)
Total other financing Sources and (Uses)	<u>-</u>	<u>31,587</u>	<u>(80,488)</u>	<u>-</u>	<u>136,493</u>	<u>87,592</u>
Net change in fund balances	35,404	(167,471)	(52,965)	94,290	(173,005)	(263,747)
Beginning fund balances	353,680	330,704	73,376	257,523	225,576	1,240,859
Ending fund balances	<u>\$ 389,084</u>	<u>\$ 163,233</u>	<u>\$ 20,411</u>	<u>\$ 351,813</u>	<u>\$ 52,571</u>	<u>\$ 977,112</u>

**JEFFERSON COUNTY, FLORIDA
 COMBINING STATEMENT OF NET ASSETS
 FIDUCIARY FUNDS
 September 30, 2004**

	<u>Agency funds</u>			<u>Totals</u>
	<u>Clerk of the Circuit Court</u>	<u>Tax Collector</u>	<u>Sheriff</u>	
ASSETS				
Cash	\$ 299,383	\$ 284,127	\$ 89,596	\$ 673,106
Total assets	<u>\$ 299,383</u>	<u>\$ 284,127</u>	<u>\$ 89,596</u>	<u>\$ 673,106</u>
LIABILITIES				
Due to other agencies	\$ 81,536	\$ 284,127	\$ -	\$ 365,663
Deposits held in escrow	<u>217,847</u>	<u>-</u>	<u>89,596</u>	<u>307,443</u>
Total liabilities	<u>\$ 299,383</u>	<u>\$ 284,127</u>	<u>\$ 89,596</u>	<u>\$ 673,106</u>

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May 16, 2005

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, 2004, and have issued our report thereon dated May 16, 2005.

We have issued our Independent Auditor's Report On Internal Control and On Compliance With Laws and Regulations dated May 16, 2005. 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)(h)1. requires that we comment as to whether or not inaccuracies, shortages, defalcations, fraud and violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no such items disclosed in the preceding annual financial audit report.

The Rules of the Auditor General (Section 10.554 (1)(h)1. requires that we comment as to whether or not 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)(h)2., we determined that the Jefferson County, Florida Board of County Commissioners and the Clerk of the Circuit Court complied with Section 218.415, Florida Statutes, regarding the investment of public funds. No other County Officer had any investment activity for the fiscal year ended September 30, 2004.

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

The Rules of Auditor General (Sections 10.554 (1)(h) 3. and 4.) require disclosure in the management letter of the following matters if not already addressed in the auditor's reports on the internal control structure and compliance or schedule of findings and questioned costs: recommendations to improve financial management, accounting procedures and internal controls; violations of laws, rules, regulations, and contractual provisions that have occurred, or were likely to have occurred and were discovered within the scope of the audit; illegal or improper expenditures which may or may not materially affect the financial statements; 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 Auditor General (Sections 10.554 (1)(h) 3. and 4.).

As required by the Rules of the Auditor General (Section 10.554 (1)(h) 6.a.), the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, "Determination of Financial Emergency." In connection with our audit, we determined that Jefferson County, Florida is not in a state of financial emergency as a consequence of the conditions described in Section 218.503(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554 (1)(h) 6.b.) we determined that the financial information for Jefferson County, Florida for the fiscal year ended September 30, 2004, included in the financial report filed with the 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, 2004.

As required by the Rules of the Auditor General (Section 10.556(8)), we applied financial condition assessment procedures to determine if the County is experiencing any deteriorating financial conditions. Our procedures did not reveal any deteriorating financial conditions as of September 30, 2004.

This management letter is intended for the information of the Jefferson County, Florida, Board of County Commissioners 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, Rogers, Schenk, Jones

The County of Jefferson, Florida
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
For the year ended September 30, 2004

<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>					
	Section 8	14.195	N/A	\$ 722,820	\$ 678,946
<u>Passed through State:</u>					
Department of Community Affairs	Community Development Block Grant	14.228	00DB-6B-02-43-01-H01	<u>157,010</u>	<u>101,975</u>
TOTAL U.S. DEPARTMENT OF HUD				<u>\$ 879,830</u>	<u>\$ 780,921</u>
 <u>U.S. DEPARTMENT OF ENERGY</u>					
<u>Passed through State:</u>					
Department of Community Affairs	Weatherization Assistance for Low- Income Persons	81.042	04-WX-3X-02-43-01-013	\$ 17,753	\$ 17,753
	Weatherization Assistance for Low- Income Persons	81.042	04-WX-4Y-02-43-01-513	<u>20,687</u>	<u>20,687</u>
TOTAL U.S. DEPARTMENT OF ENERGY				<u>\$ 38,440</u>	<u>\$ 38,440</u>
 <u>U.S. DEPARTMENT OF AGRICULTURE</u>					
<u>Direct Programs:</u>					
	Rural Business Enterprise Grant	10.769	N/A	\$ 114,905	\$ 114,905
<u>Passed through State:</u>					
Department of Health	Food Distribution	10.568	8198	<u>1,796</u>	<u>1,796</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>\$ 116,701</u>	<u>\$ 116,701</u>

The County of Jefferson, Florida
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
For the year ended September 30, 2004

<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 HEALTH AND HUMAN SERVICES</u>					
<u>Passed through State:</u>					
Department of Community Affairs	Low-Income Home Energy	93.568	04-LE-35-02-43-01-013	\$ 5,096	\$ 5,096
Department of Community Affairs	Low-Income Home Energy	93.568	04-LH-3R-02-43-01-013	34,441	34,441
Department of Health	Sentinal Chicken Grant	93.283	N/A	7,000	7,000
Department of Revenue	Child Support Enforcement	93.563	CC333	22,147	22,147
Department of Revenue	Child Support Enforcement	93.563	T0233	2,097	2,097
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>\$ 70,781</u>	<u>\$ 70,781</u>
<u>U.S. FEDERAL EMERGENCY MANAGEMENT AGENCY</u>					
<u>Passed through State:</u>					
Department of Community Affairs	Emergency Management Performance Grant	83.552	04-BG-04-02-43-01-033	\$ 126,367	\$ 126,367
TOTAL U.S. FEDERAL EMERGENCY MANAGEMENT AGENCY				<u>\$ 126,367</u>	<u>\$ 126,367</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>					
<u>Passed through State:</u>					
Department of Law Enforcement	Byrne Formula Grant	16.579	03-CJ-5A-02-43-01-130	\$ (16,607)	\$ (16,607)
Department of Law Enforcement	Byrne Formula Grant	16.579	04-CJ-J3-02-43-01-182	110,527	110,527
Department of Law Enforcement	Byrne Formula Grant	16.579	04-CJ-7N-02-43-01-079	7,139	7,139
TOTAL U.S. DEPARTMENT OF JUSTICE				<u>\$ 101,059</u>	<u>\$ 101,059</u>
TOTAL FEDERAL ASSISTANCE				<u>\$ 1,333,178</u>	<u>\$ 1,234,269</u>

The County of Jefferson, Florida
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
For the year ended September 30, 2004

<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>STATE ASSISTANCE:</u>					
<u>Florida Department of Environmental Protection</u>					
	Small Counties Grant	37.012	SC419	\$ 117,647	\$ 117,647
	Fl. Recreation Dev. Assis. Prog.	37.017	F3433	12,800	12,800
	Cooperative Collection Center Grant	37.007	S0136	<u>19,404</u>	<u>19,404</u>
Total Florida Department of Environmental Protection				<u>\$ 149,851</u>	<u>\$ 149,851</u>
<u>Florida Department of State</u>					
	State Aid to Libraries	45.030	04-ST-86	<u>\$ 164,480</u>	<u>\$ 164,480</u>
Total Florida Department of State				<u>\$ 164,480</u>	<u>\$ 164,480</u>
<u>Florida Department of Community Affairs</u>					
	State Housing Initiatives Partnership	52.901	SHIP	<u>\$ 435,164</u>	<u>\$ 239,518</u>
Total Florida Department of Community Affairs				<u>\$ 435,164</u>	<u>\$ 239,518</u>
<u>Florida Department of Management Services</u>					
	Wireless 911 Rural County Grant Program	72.001	N/A	<u>\$ 17,284</u>	<u>\$ 17,284</u>
Total Florida Department of Management Services				<u>\$ 17,284</u>	<u>\$ 17,284</u>

The County of Jefferson, Florida
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
For the year ended September 30, 2004

<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 Health</u>					
	Primary Care/Diabetes Grant	64.007	PCCG-0304-02	\$ 77,250	\$ 77,250
	Primary Care/Diabetes Grant	64.007	PCCG-0405-02	25,750	25,750
	Emergency Medical Services	64.005	C3033	17,046	17,046
	Emergency Medical Services	64.005	R3027	<u>54,000</u>	<u>54,000</u>
Total Florida Department of Health				<u>\$ 174,046</u>	<u>\$ 174,046</u>
<u>Florida Department of Agriculture</u>					
	Mosquito Control	42.003	N/A	\$ 45,191	\$ 45,191
Total Florida Department of Agriculture				<u>\$ 45,191</u>	<u>\$ 45,191</u>
<u>Florida Department of Transportation</u>					
	County Incentive Grant Program	55.008	40880315401	\$ 642,749	\$ 642,749
Total Florida Department of Transportation				<u>\$ 642,749</u>	<u>\$ 642,749</u>
TOTAL STATE ASSISTANCE				<u>\$ 1,628,765</u>	<u>\$ 1,433,119</u>
TOTAL FEDERAL AND STATE ASSISTANCE				<u>\$ 2,961,943</u>	<u>\$ 2,667,388</u>

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 END SEPTEMBER 30, 2004**

No findings were noted in the 2003 audit.

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May 16, 2005

**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, the business type activities, the aggregate discretely presented component units, 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, 2004, and have issued our report thereon dated May 16, 2005. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting 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 misstatements caused by error or fraud in amounts that would be material in relation to the financial statements 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 financial reporting and its operation that we consider to be material weaknesses.

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 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.

Belli, Rogers, Schuch & Jones

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May 16, 2005

**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, 2004. 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 grant applicable to each of its major and state federal 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, 2004.

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 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 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.

Betts, Rogan, Schenk & Jones

JEFFERSON COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2004

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 14.195/Section 8

Identification of major State programs:

CSFA Number/Program 52.901/State Housing Initiatives Partnership
55.008/County Incentive Grant Program

JEFFERSON COUNTY, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended September 30, 2004

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?	Yes

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, 2004

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

April 20, 2005

INDEPENDENT AUDITOR'S REPORT

The Honorable Carl D. Boatwright,
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, 2004 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, 2004, 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 April 20, 2005 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 grants. 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
Clerk of the Circuit Court**

COMBINED BALANCE SHEET

September 30, 2004

	<u>GENERAL FUND</u>	<u>AGENCY FUNDS</u>	<u>TOTALS (MEMORANDU M ONLY)</u>
ASSETS			
Cash	\$ 134,847	\$ 299,383	\$ 434,230
Accounts receivable		-	-
Total assets	<u>\$ 134,847</u>	<u>\$ 299,383</u>	<u>\$ 434,230</u>
 LIABILITIES AND FUND BALANCES			
Liabilities			
Due to other governments	\$ 134,847	\$ 81,536	\$ 216,383
Deposits held in escrow	-	217,847	217,847
Total liabilities	134,847	299,383	434,230
 Fund balances	-	-	-
Total liabilities and fund balances	<u>\$ 134,847</u>	<u>\$ 299,383</u>	<u>\$ 434,230</u>

The County of Jefferson, Florida
Clerk of the Circuit Court

COMBINING BALANCE SHEET - ALL AGENCY FUNDS

September 30, 2004

	<u>SUSPENSE ACCOUNT</u>	<u>COURT REGISTRY</u>	<u>TAX REDEMPTION</u>	<u>CASH BONDS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
ASSETS					
Cash	\$ 178,163	\$ 81,106	\$ 22,463	\$ 17,651	\$ 299,383
Total assets	<u>\$ 178,163</u>	<u>\$ 81,106</u>	<u>\$ 22,463</u>	<u>\$ 17,651</u>	<u>\$ 299,383</u>
LIABILITIES					
Liabilities					
Due to other government	\$ 81,536	\$ -	\$ -	\$ -	\$ 81,536
Deposits held in escrow	96,627	81,106	22,463	17,651	217,847
Total liabilities	<u>\$ 178,163</u>	<u>\$ 81,106</u>	<u>\$ 22,463</u>	<u>\$ 17,651</u>	<u>\$ 299,383</u>

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

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

Year ended September 30, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues			
County appropriation	\$ 217,513	\$ 217,513	\$ -
Clerk's fees and other	249,600	230,628	(18,972)
Total revenues	467,113	448,141	(18,972)
Expenditures			
Salary of official	86,605	85,443	1,162
Other salaries and benefits	316,125	269,613	46,512
Operating expenses	55,383	52,285	3,098
Capital outlay	9,000	-	9,000
Total expenditures	467,113	407,341	59,772
Excess of revenues over expenditures	\$ -	40,800	\$ 40,800
Fund balance - beginning of year		-	
Less: amount reverting to Board of County Commissioners		(40,800)	
Fund balance - end of year		\$ -	

The County of Jefferson, Florida
Clerk of the Circuit Court

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES

Year ended September 30, 2004

	AGENCY FUNDS				TOTALS (MEMORANDUM ONLY)
	SUSPENSE ACCOUNT	COURT REGISTRY	TAX REDEMPTION	CASH BONDS	
Receipts					
Court related fees	\$ 215,260	\$ -	\$ -	\$ -	\$ 215,260
Collection of fines	345,804	-	-	-	345,804
Documentary and surtax stamps	748,065	-	-	-	748,065
Fees for services	212,642	-	-	-	212,642
Intangible taxes	153,765	-	-	-	153,765
Individual and child support	1,428,935	-	-	-	1,428,935
Deposits received	310,969	258,622	23,261	21,412	614,264
Interest earned	1,753	159	-	-	1,912
<u>Total receipts</u>	<u>3,417,193</u>	<u>258,781</u>	<u>23,261</u>	<u>21,412</u>	<u>3,720,647</u>
Disbursements					
Court related fees	144,561	-	-	-	144,561
Disbursements of	345,714	-	-	-	345,714
Documentary and surtax stamps	748,065	-	-	-	748,065
Disbursements of	205,611	-	-	-	205,611
Disbursement of intangible taxes	153,765	-	-	-	153,765
Individual and child support	1,428,935	-	-	-	1,428,935
Deposits distributed	350,161	238,472	21,458	3,761	613,852
<u>Total disbursements</u>	<u>3,376,812</u>	<u>238,472</u>	<u>21,458</u>	<u>3,761</u>	<u>3,640,503</u>
Excess of receipts over (under) disbursements	40,381	20,309	1,803	17,651	80,144
Beginning cash balances	137,782	60,797	20,660	-	219,239
Ending cash balances	<u>\$ 178,163</u>	<u>\$ 81,106</u>	<u>\$ 22,463</u>	<u>\$ 17,651</u>	<u>\$ 299,383</u>

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2004

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, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Concluded)

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, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Concluded)

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, 2004

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, 2004, the carrying amount of the Jefferson County Clerk's deposits was \$557,949 and the bank balance was \$424,230. 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 \$295,522. The total payroll for the year ended September 30, 2004 was \$304,581.

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, 2004

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 7.39% of the compensation for regular members and 15.23% for elected officials. During the years ended September 30, 2004, 2003, and 2002, the Jefferson County Clerk of the Circuit Court contributed \$28,413, \$23,616 and \$26,273, 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, 2004

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

April 20, 2005

MANAGEMENT LETTER

To the Honorable Carl D. Boatwright
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, 2004, and have issued our report thereon dated April 20, 2005.

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 April 20, 2005. 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)(h)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)(h)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)(h)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)(h) 4a., 4b., 4c1., 4c2., 4c3.) 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: 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 that may not materially affect the financial statements; 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 (see Statement on Auditing Standards No. 82) 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)(h) 4a., 4b., 4c1., 4c2., 4c3.).

The Rules of the Auditor General (Sections 10.554 (1)(h) 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)(h) 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.

Bette Rogers, Schuch, Jones

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

April 20, 2005

**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 Carl D. Boatwright
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, 2004, and have issued our report thereon dated April 20, 2005. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting 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 misstatements caused by error or fraud in amounts that would be material in relation to the financial statements 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 financial reporting and its operation that we consider to be material weaknesses.

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 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 Clerk of the Circuit Court, 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.

Bette, Regen, Schuch, & Jones

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

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

FOR THE YEAR ENDED SEPTEMBER 30, 2004

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

BETTS, ROGERS, SCHENCK & JONES

CERTIFIED PUBLIC ACCOUNTANTS

PROFESSIONAL ASSOCIATION
November 8, 2004

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

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, 2004 and the related statement 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 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, 2004, 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 8, 2004 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. 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, 2004

	<u>GENERAL FUND</u>	<u>AGENCY FUND (NOTE 2)</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
ASSETS			
Cash	\$ 24,645	\$ -	\$ 24,645
Due from others	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 24,645</u>	<u>\$ -</u>	<u>\$ 24,645</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Due to other agencies	<u>\$ 24,645</u>	<u>\$ -</u>	<u>\$ 24,645</u>
Total liabilities	24,645	-	24,645
Fund balances			
Total liabilities and fund balances	<u>\$ 24,645</u>	<u>\$ -</u>	<u>\$ 24,645</u>

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

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

Year ended September 30, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues			
County appropriation	\$ 189,893	\$ 189,893	\$ -
Interest earned	-	192	192
Voter Education grant	-	2,630	2,630
Total revenues	189,893	192,715	2,822
Expenditures			
Salary of official	71,153	70,203	950
Other salaries, benefits and taxes	41,640	42,074	(434)
Operating expenses	77,100	55,793	21,307
Capital outlay	-	-	-
Total expenditures	189,893	168,070	21,823
Excess of revenues over expenditures	\$ -	24,645	\$ 24,645
Fund balance - beginning of year		-	
Less: amount reverting to Board of County Commissioners		(24,645)	
Fund balance - end of year		\$ -	

The County of Jefferson, Florida
Supervisor of Elections

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

Year ended September 30, 2004

	<u>AGENCY FUND</u>
Receipts	
Candidate qualifying fees	<u>\$ 865</u>
Total receipts	865
Disbursements	<u>865</u>
Excess of receipts over (under) disbursements	-
Beginning cash balances	<u>-</u>
Ending cash balances	<u><u>\$ -</u></u>

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2004

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 are 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, 2004

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, 2004

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, 2004

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, 2004, the carrying amount of the Jefferson County Supervisor's deposits was \$24,645 and the bank balance was \$34,293. 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 \$94,083. The total payroll for the year ended September 30, 2004 was \$94,083.

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2004

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 7.39% of the compensation for regular members and 15.23% for elected officials. During the years ended September 30, 2004, 2003 and 2002, the Jefferson County Supervisor of Elections contributed \$12,457, \$9,963 and \$10,595, 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, 2004

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

November 8, 2004

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, 2004, and have issued our report thereon dated November 8, 2004.

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 8, 2004. 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)(h)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 made in the preceding audit report of the Jefferson County, Florida Supervisor of Elections.

As required by the Rules of the Auditor General (Section 10.554 (1)(h)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 regards to the investment of public funds.

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

The Rules of the Auditor General (Sections 10.554 (1)(h) 4a., 4b., 4c1., 4c2., 4c3.) 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: violations of laws, rules, regulations, and contractual provisions that have occurred, or are 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 that may not materially affect the financial statements; 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 (see Statement on Auditing Standards No. 82) 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)(h) 4a., 4b., 4c1., 4c2., 4c3.).

The Rules of the Auditor General (Sections 10.554 (1)(h) 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.

Bette, Regen, Schuch & Jones

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FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

November 8, 2004

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, 2004, and have issued our report thereon dated November 8, 2004. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting 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 misstatements caused by error or fraud in amounts that would be material in relation to the financial statements 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 financial reporting and its operation that we consider to be material weaknesses.

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.

Bette, Roger, Schuch, & Jones

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
PROPERTY APPRAISER
THE COUNTY OF JEFFERSON, FLORIDA
FOR THE YEAR ENDED SEPTEMBER 30, 2004

BEN F. BETTS, JR., C.P.A.
EDGAR A. ROGERS, JR., C.P.A. (1945-2000)
JOSEPH T. SCHENCK, C.P.A.
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PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

November 4, 2004

INDEPENDENT AUDITOR'S REPORT

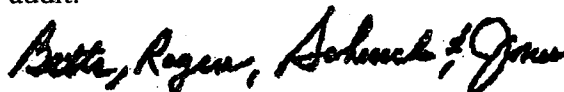
To the Board of County Commissioners
and the Honorable David W. Ward
Property Appraiser
The County of Jefferson, Florida

We have audited the combined balance sheet of the The County of Jefferson, Florida Property Appraiser as of September 30, 2004, 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, 2004, 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 4, 2004 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. 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
Property Appraiser**

COMBINED BALANCE SHEET

September 30, 2004

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

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

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

September 30, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues			
County appropriation	\$ 390,625	\$ 382,064	\$ (8,561)
Interest earned	-	223	223
Other miscellaneous	-	6,452	6,452
Total revenues	390,625	388,739	(1,886)
Expenditures			
Salary of official	85,443	85,443	-
Other salaries and benefits	174,657	161,698	12,959
Operating expenses	112,525	106,305	6,220
Capital outlay	7,000	10,718	(3,718)
Non-Operating	11,000	-	11,000
Total expenditures	390,625	364,164	26,461
Excess of revenues over expenditures	\$ -	24,575	\$ 24,575
Fund balance - beginning of year		-	
Less: amount reverting to Board of County Commissioners		(24,575)	
Fund balance - end of year		\$ -	

The County of Jefferson, Florida
Property Appraiser

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

September 30, 2004

	<u>AGENCY FUND</u>
Receipts	
Aerial print and map sales	\$ 2,790
Real property tag fees	18
Water Management District Commissions	<u>3,644</u>
Total receipts	<u>6,452</u>
Disbursements	
Board of County Commissioners	<u>6,452</u>
Excess of receipts over (under) disbursements	-
Beginning cash balance	<u>-</u>
Ending cash balance	<u><u>\$ -</u></u>

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2004

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, 2004

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, 2004

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. 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, 2004

NOTE 3 - CASH

Cash Deposits

At September 30, 2004, the carrying amount of the Jefferson County Property Appraiser's deposits was \$46,163 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 \$208,980. The total payroll for the year ended September 30, 2004 was \$208,980

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, 2004

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 7.39% of the compensation for regular members and 15.23% for elected officials. During the years ended September 30, 2004, 2003, and 2002, the Jefferson County Property Appraiser contributed \$22,337, \$17,445 and \$20,418, 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, 2004**

BEN F. BETTS, JR., C.P.A.
EDGAR A. ROGERS, JR., C.P.A. (1945-2000)
JOSEPH T. SCHENCK, C.P.A.
MARK J. JONES, C.P.A.
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BETTS, ROGERS, SCHENCK & JONES
CERTIFIED PUBLIC ACCOUNTANTS
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MEMBERS
PRIVATE COMPANIES
PRACTICE SECTION OF THE
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

November 4, 2004

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, 2004, and have issued our report thereon dated November 4, 2004.

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 4, 2004. 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)(h)1.) require that we comment as to whether or not recommendations made in the preceding annual financial audit report have been followed. We recommended the use of a pre-numbered cash receipts book when collecting money from the sale of aerial prints and maps. The Property Appraiser implemented our recommendation during the year under review.

As required by the Rules of the Auditor General (Section 10.554 (1)(h)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 regards to the investment of public funds.

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

The Rules of the Auditor General (Sections 10.554 (1)(h) 4a., 4b., 4c1.,4c2., 4c3.) 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: violations of laws, rules, regulations, and contractual provisions that have occurred, or are 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 that may not materially affect the financial statements; 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 (see Statement on Auditing Standards No. 82) 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)(h) 4a., 4b., 4c1., 4c2., 4c3.).

The Rules of the Auditor General (Sections 10.554 (1)(h) 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.

Betta, Regen, Schuch, & Jones

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November 4, 2004

**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, 2004, and have issued our report thereon dated November 4, 2004. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting 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 misstatements caused by error or fraud in amounts that would be material in relation to the financial statements 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 financial reporting and its operation that we consider to be material weaknesses.

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.

Beth, Regen, Schuch & Jones

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

TAX COLLECTOR

THE COUNTY OF JEFFERSON, FLORIDA

SEPTEMBER 30, 2004

BEN F. BETTS, JR., C.P.A.
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FLORIDA INSTITUTE OF CERTIFIED
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December 30, 2004

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, 2004, 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, 2004, 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 30, 2004 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 grants.

Betts, Rogers, Schenck & Jones

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

COMBINED BALANCE SHEET

September 30, 2004

	<u>GENERAL FUND</u>	<u>AGENCY FUNDS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
ASSETS			
Cash	\$ 63,332	\$ 284,127	\$ 347,459
Due from Individuals	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 63,332</u>	<u>\$ 284,127</u>	<u>\$ 347,459</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Due to other agencies	\$ 63,332	\$ 284,127	\$ 347,459
Deposits held in escrow	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	63,332	284,127	347,459
Fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 63,332</u>	<u>\$ 284,127</u>	<u>\$ 347,459</u>

The County of Jefferson, Florida
Tax Collector

COMING BALANCE SHEET - ALL AGENCY FUNDS

September 30, 2004

	<u>TAX ACCOUNT</u>	<u>TAG ACCOUNT</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
ASSETS			
Cash	<u>\$ 218,750</u>	<u>\$ 65,377</u>	<u>\$ 284,127</u>
Total assets	<u>\$ 218,750</u>	<u>\$ 65,377</u>	<u>\$ 284,127</u>
LIABILITIES			
Liabilities			
Due to other agencies	<u>\$ 218,750</u>	<u>\$ 65,377</u>	<u>\$ 284,127</u>
Total liabilities	<u>\$ 218,750</u>	<u>\$ 65,377</u>	<u>\$ 284,127</u>

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

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

Year ended September 30, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues			
County appropriation	\$ 362,783	\$ 397,776	\$ 34,993
Fees and other	-	23,540	23,540
Total revenues	362,783	421,316	58,533
 Expenditures			
Personal services	248,000	247,420	580
Operating expenses	111,000	110,564	436
Capital outlay	3,783	-	3,783
Total expenditures	362,783	357,984	4,799
Excess of revenues over expenditures	\$ -	63,332	\$ 63,332
Fund balance - beginning of year		-	
Less: amount reverting to Board of County Commissioners		(63,332)	
Fund balance - end of year		\$ -	

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

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

September 30, 2004

	AGENCY FUNDS		
	TAX ACCOUNT	TAG ACCOUNT	TOTALS (MEMORANDUM ONLY)
Receipts			
Real and personal property taxes	\$ 8,029,617	\$ -	\$ 8,029,617
Special assessments	3,255	-	3,255
Tax certificates redeemed	590,305	-	590,305
Other	18,810	14,345	33,155
Motor vehicle tags and titles	-	3,160,231	3,160,231
Sales tax	-	3,128,341	3,128,341
Hunting and fishing licenses	-	32,803	32,803
Driver licenses	-	79,523	79,523
Interest	299	61	360
Fees	-	233,203	233,203
	<u>8,642,286</u>	<u>6,648,507</u>	<u>15,290,793</u>
Disbursements			
Disbursement of real and personal property taxes	7,990,471	-	7,990,471
State of Florida	-	6,462,753	6,462,753
Proceeds - tax certificates redeemed	579,529	-	579,529
Other	21,713	15	21,728
Fees reverting to Board of County Commissioners	-	238,264	238,264
	<u>8,591,713</u>	<u>6,701,032</u>	<u>15,292,745</u>
Excess of receipts over (under) disbursements	50,573	(52,525)	(1,952)
Beginning cash balances	<u>168,176</u>	<u>117,902</u>	<u>286,078</u>
Ending cash balances	<u>\$ 218,749</u>	<u>\$ 65,377</u>	<u>\$ 284,126</u>

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2004

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 are 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, 2004

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, 2004

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, 2004

NOTE 3 - CASH

Cash Deposits

At September 30, 2004 the carrying amount of the Jefferson County Tax Collector's deposits was \$347,459 and the bank balance was \$452,832. 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 \$208,468. The total payroll for the year ended September 30, 2004 was \$209,905.

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, 2004

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 7.39% of the compensation for regular members and 15.23% for elected officials. During the years ended September 30, 2004, 2003, and 2002, the Jefferson County Tax Collector contributed \$21,912, \$18,066 and \$20,595, respectively. These contributions represented 100% of the Tax Collector's required contributions.

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

THE COUNTY OF JEFFERSON, FLORIDA

TAX COLLECTOR

SEPTEMBER 30, 2004

BEN F. BETTS, JR., C.P.A.
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FLORIDA INSTITUTE OF CERTIFIED
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December 30, 2004

MANAGEMENT LETTER

Honorable Lois H. Hunter
Tax Collector
Jefferson County, Florida

We have audited the financial statements of The County of Jefferson, Florida Tax Collector, as of and for the fiscal year ended September 30, 2004, and have issued our report thereon dated December 30, 2004.

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 30, 2004. 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)(h)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 made in the preceding audit report of the Jefferson County, Florida Tax Collector.

As required by the Rules of the Auditor General (Section 10.554 (1)(h)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 regards to the investment of public funds.

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

The Rules of the Auditor General (Sections 10.554 (1)(h) 4a., 4b., 4c1., 4c2., 4c3.) 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: violations of laws, rules, regulations, and contractual provisions that have occurred, or are 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 that may not materially affect the financial statements; 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 (see Statement on Auditing Standards No. 82) 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)(h) 4a., 4b., 4c1., 4c2., 4c3.).

The Rules of the Auditor General (Sections 10.554 (1)(h) 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, Regen, Schuch, & Jones

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December 30, 2004

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

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

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, 2004, and have issued our report thereon dated December 30, 2004. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting 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 misstatements caused by error or fraud in amounts that would be material in relation to the financial statements 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 financial reporting and its operation that we consider to be material weaknesses.

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.

Beth, Roger, Schuch, & Jones

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

**THE COUNTY OF JEFFERSON, FLORIDA
SHERIFF**

SEPTEMBER 30, 2004

BEN F. BETTS, JR., C.P.A.
EDGAR A. ROGERS, JR., C.P.A. (1945-2000)
JOSEPH T. SCHENCK, C.P.A.
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MEMBERS
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AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

December 2, 2004

INDEPENDENT AUDITOR'S REPORT

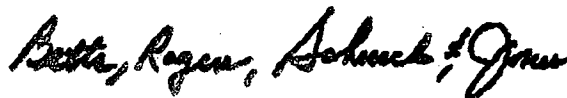
The Board of County Commissioners
and the Honorable Kenneth W.
Fortune, Sheriff
The County of Jefferson, Florida

We have audited the combined balance sheet of The County of Jefferson, Florida Sheriff, as of September 30, 2004, 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, 2004, 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 December 2, 2004 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 grants. 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
Sheriff

COMBINED BALANCE SHEET

September 30, 2004

	<u>GENERAL FUND</u>	<u>AGENCY FUNDS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
ASSETS			
Cash	\$ <u>77,794</u>	\$ <u>89,596</u>	\$ <u>167,390</u>
Total assets	\$ <u>77,794</u>	\$ <u>89,596</u>	\$ <u>167,390</u>
 LIABILITIES AND FUND BALANCES			
Liabilities			
Deposits held in escrow	\$ -	\$ 89,596	\$ 89,596
Due to other agencies	<u>77,794</u>	<u>-</u>	<u>77,794</u>
Total liabilities	\$ <u>77,794</u>	\$ <u>89,596</u>	\$ <u>167,390</u>

**The County of Jefferson, Florida
Sheriff**

COMING BALANCE SHEET - ALL AGENCY FUNDS

September 30, 2004

	<u>INDIVIDUAL DEPOSITORS</u>	<u>PRISONERS WELFARE</u>	<u>COMMISSARY</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
ASSETS				
Cash	\$ <u>857</u>	\$ <u>83,591</u>	\$ <u>5,148</u>	\$ <u>89,596</u>
Total assets	<u>\$ 857</u>	<u>\$ 83,591</u>	<u>\$ 5,148</u>	<u>\$ 89,596</u>
 LIABILITIES				
Liabilities				
Deposits held in escrow	\$ <u>857</u>	\$ <u>83,591</u>	\$ <u>5,148</u>	\$ <u>89,596</u>
Total liabilities	<u>\$ 857</u>	<u>\$ 83,591</u>	<u>\$ 5,148</u>	<u>\$ 89,596</u>

**The County of Jefferson, Florida
Sheriff**

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

Year ended September 30, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues			
County appropriation	\$ 2,190,424	\$ 2,190,424	\$ -
Interest earned	-	3,202	3,202
Total revenues	2,190,424	2,193,626	3,202
Expenditures			
Personal services	1,656,470	1,656,470	-
Operating expenses	483,400	483,379	21
Capital outlay	50,554	50,554	-
Total expenditures	2,190,424	2,190,403	21
Excess of revenues over expenditures	\$ -	3,223	\$ 3,223
Fund balance - beginning of year		-	
Less: amount reverting to Board of County Commissioners		(3,223)	
Fund balance - end of year		\$ -	

The County of Jefferson, Florida
 Sheriff

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

September 30, 2004

AGENCY FUNDS

	INDIVIDUAL DEPOSITORS	CASH APPEARANCE BOND	PRISONERS WELFARE	COMMISSARY	TOTALS (MEMORANDUM ONLY)
Receipts					
Deposits received	\$ 10,990	\$ -	\$ 29,304	\$ 41,970	\$ 82,264
Cash appearance					
Bonds	-	24,825	-	-	24,825
Interest	-	-	472	-	472
Total receipts	<u>10,990</u>	<u>24,825</u>	<u>29,776</u>	<u>41,970</u>	<u>107,561</u>
Disbursements					
Disbursed to:					
Board of County					
Commissioners	10,563	-	-	-	10,563
Clerk of the Circuit					
Court	-	27,056	-	-	27,056
Others	-	12,495	49,413	40,915	102,823
Total disbursements	<u>10,563</u>	<u>39,551</u>	<u>49,413</u>	<u>40,915</u>	<u>140,442</u>
Excess of receipts over (under) disbursements	427	(14,726)	(19,637)	1,055	(32,881)
Beginning cash balances	<u>430</u>	<u>14,726</u>	<u>103,228</u>	<u>4,093</u>	<u>122,477</u>
Ending cash balances	<u>\$ 857</u>	<u>\$ -</u>	<u>\$ 83,591</u>	<u>\$ 5,148</u>	<u>\$ 89,596</u>

**The County of Jefferson, Florida
Sheriff**

NOTES TO FINANCIAL STATEMENTS

September 30, 2004

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 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 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, 2004

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, 2004

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 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 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, 2004

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, 2004, the carrying amount of the Jefferson County Sheriff's deposits was \$168,371 and the bank balance was \$320,375. 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 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 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 \$1,235,717. The total payroll for the year ended September 30, 2004 was \$1,235,717.

**The County of Jefferson, Florida
Sheriff**

NOTES TO FINANCIAL STATEMENTS

September 30, 2004

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 7.39% of the compensation for regular members, 18.53% for special risk employees, and 15.23% for elected officials. During the year ended September 30, 2004, 2003, and 2002 the Jefferson County Sheriff contributed \$177,298, \$159,624, and \$178,519, 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**

**THE COUNTY OF JEFFERSON, FLORIDA
SHERIFF**

SEPTEMBER 30, 2004

BEN F. BETTS, JR., C.P.A.
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FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

December 2, 2004

MANAGEMENT LETTER

Honorable Kenneth W. Fortune
Sheriff
Jefferson County, Florida

We have audited the financial statements of The County of Jefferson, Florida Sheriff, as of and for the fiscal year ended September 30, 2004, and have issued our report thereon dated December 2, 2004.

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 2, 2004. 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)(h)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 made in the preceding financial audit report.

As required by the Rules of the Auditor General (Section 10.554 (1)(h)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 regards to the investment of public funds.

The Rules of the Auditor General (Section 10.554 (1)(h)3.) require that we make recommendations to improve the Jefferson County, Florida, Sheriff's financial management, accounting procedures, and internal control. Based on our audit, we determined the same employee is responsible for writing checks, making deposits and reconciling all the bank accounts. We recommend the functions of writing checks, making deposits and reconciling the bank accounts be segregated to some extent, such as, the reconciliation function be performed by someone other than the current employee assigned these functions.

The Rules of the Auditor General (Sections 10.554 (1)(h) 4a., 4b., 4c1.,4c2., 4c3.) 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: violations of laws, rules, regulations, and contractual provisions that have occurred, or are 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 that may not materially affect the financial statements; 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 (see Statement on Auditing Standards No. 82) 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)(h) 4a., 4b., 4c1., 4c2., 4c3.).

The Rules of the Auditor General (Sections 10.554 (1)(h) 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.

Bette, Ragan, Schuch, & Jones

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PUBLIC ACCOUNTANTS

December 2, 2004

**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 Kenneth W. Fortune
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, 2004, and have issued our report thereon dated December 2, 2004. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting 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 misstatements caused by error or fraud in amounts that would be material in relation to the financial statements 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 financial reporting and its operation that we consider to be material weaknesses.

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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.

Belle, Regen, Schuch & Jones