

FINANCIAL STATEMENTS AND AUDITOR'S REPORT
THE COUNTY OF JEFFERSON, FLORIDA
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005

TABLE OF CONTENTS

	Page
MANAGEMENT'S DISCUSSION AND ANALYSIS	i-vi
INDEPENDENT AUDITOR'S REPORT	7-8
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Assets	9
Statement of Activities	10-11
Fund Financial Statements:	
Balance Sheet - Governmental Funds	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	13-15
Statement of Net Assets - Fiduciary Funds	16
Notes to Financial Statements	17-35
REQUIRED SUPPLEMENTAL INFORMATION:	
Budgetary Comparison Schedule - General Fund	37-41
Budgetary Comparison Schedule - County Transportation Trust Fund	42-43
Budgetary Comparison Schedule - Fine and Forfeiture Fund	44-45
Budgetary Comparison Schedule - Sales Tax Fund	46
Budgetary Comparison Schedule - Capital Projects Fund	47
Budgetary Comparison Schedule - Grants Fund	48-49
Notes to Required Supplemental Information	50
OTHER SUPPLEMENTAL INFORMATION:	
Combining Balance Sheet - Nonmajor Governmental Funds	52
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	53

TABLE OF CONTENTS (Continued)

	Page
Combining Statement of Net Assets - Fiduciary Funds	54
Management Letter	55-57
Schedule of Federal and State Financial Assistance	58-62
Summary Schedule of Prior Audit Findings	63
Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	64-65
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	66-67
Schedule of Findings and Questioned Costs	68-71
Corrective Action Plan	71(a)-71(b)
CLERK OF THE CIRCUIT COURT	72
Independent Auditors' Report	73
Combined Balance Sheet	74
Combining Balance Sheet – All Agency Funds	75
Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund	76
Statement of Cash Receipts, Disbursements and Balances – Agency Funds	77
Notes to Financial Statements to Financial Statements	78-82
Management Letter	83-85
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	86-87

TABLE OF CONTENTS (Continued)

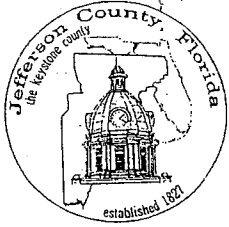
	Page
SUPERVISOR OF ELECTIONS	88
Independent Auditors' Report	89
Combined Balance Sheet	90
Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund	91
Statement of Cash Receipts, Disbursements and Balance - Agency Fund	92
Notes to Financial Statements	93-97
Management Letter	98-100
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	101-102
PROPERTY APPRAISER	103
Independent Auditors' Report	104
Combined Balance Sheet	105
Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund	106
Statement of Cash Receipts, Disbursements and Balances – Agency Fund	107
Notes to Financial Statements	108-112
Management Letter	113-115
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	116-117

TABLE OF CONTENTS (Continued)

	Page
TAX COLLECTOR	118
Independent Auditors' Report	119
Combined Balance Sheet	120
Combining Balance Sheet – All Agency Funds	121
Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund	122
Statement of Cash Receipts, Disbursements and Balances - Agency Funds	123
Notes to Financial Statements	124-127
Management Letter	128-130
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	131-132
SHERIFF	133
Independent Auditors' Report	134
Combined Balance Sheet	135
Combining Balance Sheet – All Agency Funds	136
Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund	137
Statement of Cash Receipts, Disbursements and Balances - Agency Funds	138
Notes to Financial Statements	139-143

TABLE OF CONTENTS (Continued)

	Page
SHERIFF (Continued)	
Management Letter	144-146
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	147-148



BOARD OF COUNTY COMMISSIONERS

JEFFERSON COUNTY, FLORIDA

THE KEYSTONE COUNTY - ESTABLISHED 1827
ROOM 10, COUNTY COURTHOUSE, MONTICELLO, FLORIDA 32344

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GENE C. HALL
DISTRICT 2

JERRY SUTPHIN
DISTRICT 3

FELIX "SKEET" JOYNER
DISTRICT 4

DANNY MONROE, III
DISTRICT 5

MANAGEMENTS'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Jefferson County's financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2005. It should be read in conjunction with the County's financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

- The County's net assets increased as a result of this year's operations. Net assets of our governmental activities increased by \$212,033, or 1.95%. The County does not have any business-type activities.
- During the year, the County generated tax and other revenues of \$212,033 more than the \$14.6 million of its governmental program expenses. This compares to last year, however, when expenses exceeded revenues by \$655,511.
- The total cost of the County's programs increased by \$2,045,202 over the preceding year (or 16.27%).
- The general fund reported a decrease of \$929,359 including net transfers of \$3,030,954 to other funds.
- The resources available for appropriation were slightly less than budgeted for the general fund. However, we kept expenditures within spending limits and came in \$759,125 under budget within the general fund.

USE OF THIS REPORT

This report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 9 and 10-11) provide information about the activities of the County as a whole and present a longer-term view of the County's finances. These statements reflect the County as a whole. The Fund financial statements start on page 12. These statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statement for Fiduciary Funds provides financial information about activities for which the County acts solely as a trustee or agent for the benefit of others outside of the County.

Reporting the County as a Whole

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

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

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

Reporting on the County's Most Significant Funds

The fund financial statements begin on page 12 and provide detailed information about the most significant funds and not the County as a whole. Some funds are required to be established by State law or other governing authority. However, the County Commission may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from State and Federal Agencies). The County has only the general fund, special revenue funds, capital projects fund and debt service fund which are all considered to be governmental funds. There are no proprietary funds maintained by the County.

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

programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

The County as Trustee

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

THE COUNTY AS A WHOLE

The County’s net assets increased by \$212,033 from a year ago. Our analysis is detailed below regarding Table 1, net assets and Table 2, changes in net assets.

Table 1
NET ASSETS

	Governmental Activities	
	<u>9/30/2005</u>	<u>9/30/2004</u>
Current assets	\$ 6,866,857	\$ 6,529,858
Capital assets	7,673,281	7,854,725
Total assets	<u>14,540,138</u>	<u>14,384,583</u>
Long-term debt outstanding	2,856,410	3,076,454
Other liabilities	600,013	436,447
Total liabilities	<u>3,456,423</u>	<u>3,512,901</u>
 Net assets:		
Invested in capital assets, net of debt	4,603,551	4,543,659
Restricted	2,503,875	1,688,090
Unrestricted	<u>3,976,289</u>	<u>4,639,933</u>
Total net assets	<u>\$ 11,083,715</u>	<u>\$ 10,871,682</u>

Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, decreased by \$663,644 (or 14.3%) over the prior year. Restricted net assets increased by \$815,785 (or 48.3%) from the prior year. The primary reason for the decrease in unrestricted net assets was a significant increase in spending for transportation related expenditures without budgeted transfers from available unrestricted net assets. These expenses were a result of the hurricanes suffered in last few years back to 2003.

Table 2
Changes in Net Assets

	Governmental Activities	
	<u>9/30/2005</u>	<u>9/30/2004</u>
Revenues		
Program revenues:		
Charges for services	\$ 3,048,072	\$ 2,687,821
Federal and state grants	3,241,589	3,019,830
General revenues:		
Property and other taxes	7,466,432	7,030,216
Intergovernmental revenues	944,923	353,450
Other general revenues	<u>123,391</u>	<u>131,366</u>
Total revenues	<u>14,824,407</u>	<u>13,222,683</u>
 Program expenses:		
General government	2,975,641	2,600,407
Transportation	3,043,276	2,010,942
Public safety and judiciary	4,500,316	4,216,002
Health and sanitation	2,042,963	1,813,217
Economic development	1,500,121	1,360,185
Veterans affairs	13,456	8,448
Culture and recreation	292,738	298,553
Interest on long-term debt	<u>243,863</u>	<u>259,418</u>
Total program expenses	<u>14,612,374</u>	<u>12,567,172</u>
 Increase (decrease) in net assets	 <u>\$ 212,033</u>	 <u>\$ 655,511</u>

The County's total revenue increased by 12.1%, or \$1,601,724 during the year while total expenses increased by 16.3%, or \$2,045,202. The growth in total revenues was due primarily to an increase in federal grants to repair roads damaged by storms and increases in charges for services provided to the citizens.

THE COUNTY'S FUNDS

The County's governmental funds (as presented in the balance sheet on page 12) reported a *combined* fund balance of \$6.48 million, which is an increase of \$152,141 over the prior year. Included in this year's total change in fund balance is a decrease of \$929,359 in the County's general fund balance. In addition, these other changes in fund balances should be noted:

- The County transportation trust fund experienced a deficit of expenditures over revenues of \$235,667 and had net transfers from other funds of \$104,226 resulting in a reduction on fund balance of \$131,441.
- The fine and forfeiture fund incurred a deficit of expenditures over revenues of \$1.276 million and had transfers from other funds of \$2,127,786 resulting in an increase in fund balance of \$851,551.
- The sales tax fund had a net increase in fund balance of \$174,359 after transfers to other funds of \$505,394.
- The capital projects fund incurred a deficit of expenditures over revenues of \$302,083.
- The grants fund incurred a deficit of expenditures over revenues of \$23,759.

General Fund Budgetary Highlights

The County Commission revised the County budget several times throughout the fiscal year. These budget amendments are required to properly reflect unanticipated revenues and unforeseen events that happen during most every fiscal year. After considering these amendments, the general fund actual revenues were under budget by \$279,001.

Overall expenditures were less than amounts appropriated by \$759,125. Operating expenditures were less than appropriations primarily in the areas of the County jail, recreation, and general County operations, Property Appraiser's office, Tax Collector's office, Clerk's office and the Supervisor of Elections' office.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County had \$7.67 million invested in a broad range of capital assets, including land, buildings, roads, bridges, park facilities and equipment. This represents a net increase (including additions and deletions) of \$463,759 over last year. Table 3 below details the composition of these assets.

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

	Governmental Activities	
	9/30/2005	9/30/2004
Land	\$ 671,163	\$ 671,163
Buildings & Improvements	5,280,595	5,444,834
Equipment	1,721,524	1,738,728
Infrastructure	-	-
Totals	<u>\$ 7,673,282</u>	<u>\$ 7,854,725</u>

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

Debt

The County had various installment purchase obligations of \$229,730 and Revenue Bonds of \$2,840,000 outstanding at the end of the 2005 fiscal year, a decrease of \$241,336, as shown in Table 4.

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

	Governmental Activities	
	<u>9/30/2005</u>	<u>9/30/2004</u>
Installment obligations	\$ 229,730	\$ 340,066
Revenue bond	<u>2,840,000</u>	<u>2,971,000</u>
 Totals	 <u>\$ 3,069,730</u>	 <u>\$ 3,311,066</u>

Items of equipment have been bought in prior years under various installment equipment obligations bearing interest at 5.5% to 5.84% per annum. These obligations require monthly and annual installments of varying amounts through March, 2010. The Revenue Bond is dated October 20, 1999 and bears interest at 4.5%. Interest and principal are payable annually each September 1st starting in 2001 through September 1, 2020. The Bond and the interest thereon are payable solely from and secured by a lien upon and a pledge of (i) the amount of the local government half-cent sales tax distributed by the State to the County, and (ii) the amount of pari-mutual tax revenues distributed to the County.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The County’s elected Commissioners consider many factors when setting the fiscal year 2006 budget, tax rates and charges for services. One of those factors is the economy. Jefferson County is not a fast growing County compared to other metropolitan areas of the State, however, the County does continue to enjoy growth in its population and offers its citizens a relaxed form of lifestyle when compared to other, more populous surrounding areas.

It is expected that the assessed value of property within the County will be increased by approximately 10-15% for 2006; however the millage rate will probably remain the same at 10 mills, the maximum allowed by law. The assessments for fire and landfill will probably be adjusted for some increase which will produce more revenue to offset increased costs in these areas. The increase in assessed value of property will generate an increase in ad valorem taxes of approximately \$400,000 for the 2006 budget year.

CONTACTING THE COUNTY’S FINANCIAL MANAGEMENT

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

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

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AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

March 16, 2006

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, 2005, 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, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 16, 2006, 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, Ragan, Schuch & Jones

JEFFERSON COUNTY, FLORIDA
STATEMENT OF NET ASSETS
September 30, 2005

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash, including time deposits	\$ 4,215,649
Investments	132,251
Accrued interest receivable	2,062
Accounts receivable	335,663
Due from other governments	2,039,259
Inventory of supplies	141,973
Total current assets	<u>6,866,857</u>
Noncurrent assets:	
Capital assets (net)	<u>7,673,281</u>
Total assets	<u>14,540,138</u>
LIABILITIES	
Current liabilities:	
Accounts payable	364,928
Due to other agency	21,765
Capital lease obligations	76,320
Public improvement revenue bonds payable	137,000
Total current liabilities	<u>600,013</u>
Noncurrent liabilities:	
Capital lease obligations	153,410
Public improvement revenue bonds payable	2,703,000
Total noncurrent liabilities	<u>2,856,410</u>
Total liabilities	<u>3,456,423</u>
NET ASSETS	
Invested in capital assets, net of related debt	4,603,551
Reserved for inventory	171,973
Restricted for:	
Debt service	184,545
Capital projects	200,457
Law enforcement	677,064
Solid waste	319,418
Fire safety	404,150
Emergency communications	576,268
Unrestricted	3,976,289
Total net assets	<u>\$ 11,083,715</u>

JEFFERSON COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
Year ended September 30, 2005

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	\$ 537,896	\$ -	\$ -	\$ (537,896)
Tax Collector	332,478	306,380	-	(26,098)
Property Appraiser	387,142	8,850	-	(378,292)
Clerk of the Circuit Court	275,569	174,119	-	(101,450)
Supervisor of Elections	200,906	1,543	-	(199,363)
Other general government	1,241,650	-	535,576	(706,074)
Total general government	2,975,641	490,892	-	(2,484,749)
Transportation:				
County roads and bridges	3,043,276	30,945	732,117	(2,280,214)
Public safety and judiciary:				
Ambulance service	681,518	509,645	-	(171,873)
Law enforcement	2,634,957	245,855	221,295	(2,167,807)
Fire	278,343	434,173	90,213	246,043
County jail	507,849	-	-	(507,849)
Emergency management	206,174	-	235,540	29,366
State attorney	16,217	-	-	(16,217)
Public defender	22,108	-	-	(22,108)
Emergency communications	-	-	160,696	160,696
Building inspection	115,392	261,821	-	146,429
Other public safety and judiciary	37,758	-	-	(37,758)
Total public safety and judiciary	4,500,316	1,451,494	707,744	(2,341,078)
Health and sanitation:				
Health department	374,314	-	358,513	(15,801)
Refuse and solid waste	1,466,211	1,074,741	250,690	(140,780)
Indigent health care	163,238	-	-	(163,238)
Mental health	39,200	-	-	(39,200)
Total health and sanitation	2,042,963	1,074,741	609,203	(359,019)
Economic development:				
Economic development	209,827	-	-	(209,827)
Housing assistance	1,088,327	-	1,048,429	(39,898)
Energy assistance	-	-	30,400	30,400
Community development	29,110	-	9,515	(19,595)
Agriculture/soil conservation	172,857	-	-	(172,857)
Total economic development	1,500,121	-	1,088,344	(411,777)

**JEFFERSON COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
Year ended September 30, 2005**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Fees, Fines and Charges for Services	Operating Grants and Contributions	
Veterans affairs:				-
Veterans affairs	13,456	-	-	(13,456)
Total veterans affairs	<u>13,456</u>	-	-	<u>(13,456)</u>
Culture and recreation:				-
Library	182,621	-	58,721	(123,900)
Recreation	110,117	-	45,460	(64,657)
Total culture and recreation	<u>292,738</u>	-	<u>104,181</u>	<u>(188,557)</u>
Interest charges	243,863	-	-	243,863
Total governmental activities	<u>\$ 14,612,374</u>	<u>\$ 3,048,072</u>	<u>\$ 3,241,589</u>	<u>\$ (8,322,713)</u>
General revenues:				
Taxes:				
Ad valorem				3,683,745
Racing taxes				223,250
Sales				1,337,841
E-911 taxes				119,286
Gasoline				2,102,310
Intergovernmental				944,923
Miscellaneous				<u>123,391</u>
Total general revenues				<u>8,534,746</u>
				212,033
				<u>10,871,682</u>
				<u>\$ 11,083,715</u>

**JEFFERSON COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2005**

ASSETS	General Fund	County Transportation Trust Fund	Fine & Forfeiture Fund	Sales Tax Fund	Capital Projects Fund	Grants Fund	Other Governmental Funds	Total Governmental Funds
Cash	\$ 826,695	\$ 502,356	\$ 294,583	\$ -	\$ 1,042,005	\$ 1,239,727	\$ 310,283	\$ 4,215,649
Investments	117,824	-	14,427	-	-	-	-	132,251
Accrued interest receivable	-	7	2,055	-	-	-	-	2,062
Accounts receivable	335,663	-	-	-	-	-	-	335,663
Due from other agencies	-	-	-	-	-	-	-	-
Due from other funds	-	-	694,072	1,131,341	-	-	1,056,430	2,881,843
Due from other governments	576,392	706,484	55,222	55,323	341,851	-	303,987	2,039,259
Loan to other fund	36,802	-	-	-	-	-	-	36,802
Inventory of supplies	-	141,973	-	-	-	-	-	141,973
Total assets	\$ 1,893,376	\$ 1,350,820	\$ 1,060,359	\$ 1,186,664	\$ 1,383,856	\$ 1,239,727	\$ 1,670,700	\$ 9,785,502
LIABILITIES								
Accounts payable	\$ 101,862	\$ 160,211	\$ 369	\$ -	\$ 3,180	\$ 38,725	\$ 60,581	\$ 364,928
Due to other agency	-	21,765	-	-	-	-	-	21,765
Due to other funds	829,254	655,151	-	-	1,180,219	91,481	125,738	2,881,843
Loan from other fund	-	-	-	-	-	36,802	-	36,802
Total liabilities	931,116	837,127	369	-	1,183,399	167,008	186,319	3,305,338
FUND BALANCES								
Reserved for:								
Inventories	-	141,973	-	-	-	-	-	141,973
Law enforcement	-	-	677,064	-	-	-	-	677,064
Unreserved, reported in:								
General fund	962,260	-	-	-	-	-	-	962,260
County transportation trust fund	-	371,720	-	-	-	-	-	371,720
Grants fund	-	-	-	-	-	1,072,719	-	1,072,719
Sales tax fund	-	-	-	1,186,664	-	-	-	1,186,664
Fine & forfeiture fund	-	-	382,926	-	-	-	-	382,926
Capital projects fund	-	-	-	-	200,457	-	-	200,457
Special revenue funds	-	-	-	-	-	-	1,484,381	1,484,381
Total fund balances	962,260	513,693	1,059,990	1,186,664	200,457	1,072,719	1,484,381	6,480,164
Total liabilities and fund balances	\$ 1,893,376	\$ 1,350,820	\$ 1,060,359	\$ 1,186,664	\$ 1,383,856	\$ 1,239,727	\$ 1,670,700	
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 \$33,417,348								7,673,281
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:								
Capital lease obligations								(229,730)
Public Improvement Revenue Bonds								(2,840,000)
Net assets of governmental activities								\$ 11,083,715

JEFFERSON COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2005

	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	\$ 2,948,542	\$ 775,256	\$ 735,203	\$ 679,753	\$ -	\$ -	\$ 496,075	\$ 5,634,829
Licenses and permits	261,821	-	-	-	-	-	-	261,821
Intergovernmental	1,819,915	1,794,007	221,295	-	535,576	1,088,344	559,156	6,018,293
Charges for services	1,088,322	30,945	17,290	-	-	-	-	1,136,557
Fines and costs	-	-	228,565	-	-	-	-	228,565
Miscellaneous	30,161	10,759	30,499	-	41,786	1,071	1,430,066	1,544,342
Total revenues	<u>6,148,761</u>	<u>2,610,967</u>	<u>1,232,852</u>	<u>679,753</u>	<u>577,362</u>	<u>1,089,415</u>	<u>2,485,297</u>	<u>14,824,407</u>
EXPENDITURES								
Current:								
General government:								
Board of county commissioners	431,835	-	-	-	-	-	-	431,835
County attorney	90,195	-	-	-	-	-	-	90,195
Property appraiser	368,864	-	-	-	-	-	-	368,864
Tax collector	332,478	-	-	-	-	-	-	332,478
Clerk of the circuit court	262,764	-	-	-	-	-	-	262,764
Supervisor of elections	184,583	-	-	-	-	-	-	184,583
County planning	100,412	-	-	-	-	-	-	100,412
Other general government	139,913	-	-	-	272,399	-	-	412,312
Total general government	<u>1,911,044</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>272,399</u>	<u>-</u>	<u>-</u>	<u>2,183,443</u>
Transportation:								
County roads and bridges	-	2,699,269	-	-	419,369	-	-	3,118,638
Total transportation	<u>-</u>	<u>2,699,269</u>	<u>-</u>	<u>-</u>	<u>419,369</u>	<u>-</u>	<u>-</u>	<u>3,118,638</u>
Public safety and judiciary:								
Law enforcement	-	-	2,490,701	-	-	-	-	2,490,701
State attorney	16,217	-	-	-	-	-	-	16,217
Public defender	21,071	-	-	-	-	-	-	21,071
Court reporters	88	-	-	-	-	-	-	88
Fire control and safety	11,279	-	-	-	-	-	357,096	368,375
County jail	507,849	-	-	-	-	-	-	507,849
Building inspection	114,010	-	-	-	-	-	-	114,010
Construction licensing	5,726	-	-	-	-	-	-	5,726
Emergency management	137,190	-	-	-	-	-	55,530	192,720
Ambulance service	650,503	-	-	-	-	-	-	650,503
Medical examiner	31,706	-	-	-	-	-	-	31,706
Total public safety and judiciary	<u>1,495,639</u>	<u>-</u>	<u>2,490,701</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>412,626</u>	<u>4,398,966</u>

JEFFERSON COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2005

	General Fund	County Transportation Trust Fund	Fine and Forfeiture Fund	Sales Tax Fund	Capital Projects Fund	Grants Fund	Other Governmental Funds	Total Governmental Funds
Health and sanitation:								
Health department	374,314	-	-	-	-	-	-	374,314
Mental health	39,200	-	-	-	-	-	-	39,200
Refuse and solid waste	221,409	-	-	-	-	-	1,379,279	1,600,688
Indigent health care	163,238	-	-	-	-	-	-	163,238
Total health and sanitation	<u>798,161</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,379,279</u>	<u>2,177,440</u>
Economic development:								
Economic development	22,150	-	-	-	187,677	-	-	209,827
Housing assistance	-	-	-	-	-	1,084,064	-	1,084,064
Job training	-	-	-	-	-	-	-	-
Food distribution	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	29,110	-	29,110
Agriculture/soil conservation	165,694	-	-	-	-	-	-	165,694
Total economic development	<u>187,844</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,677</u>	<u>1,113,174</u>	<u>-</u>	<u>1,488,695</u>
Veterans affairs:								
Veterans affairs	13,456	-	-	-	-	-	-	13,456
Total veterans affairs	<u>13,456</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,456</u>
Culture and recreation:								
Library	177,635	-	-	-	-	-	-	177,635
Recreation	108,632	-	-	-	-	-	-	108,632
Total culture and recreation	<u>286,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>286,267</u>
Debt service:								
Principal	-	-	-	-	-	-	326,000	326,000
Interest	-	-	-	-	-	-	243,863	243,863
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>569,863</u>	<u>569,863</u>
Capital outlay	116,335	147,365	18,386	-	-	-	159,014	441,100
Total expenditures	<u>4,808,746</u>	<u>2,846,634</u>	<u>2,509,087</u>	<u>-</u>	<u>879,445</u>	<u>1,113,174</u>	<u>2,520,782</u>	<u>14,677,868</u>
Excess (deficiency) of revenues over expenditures	<u>1,340,015</u>	<u>(235,667)</u>	<u>(1,276,235)</u>	<u>679,753</u>	<u>(302,083)</u>	<u>(23,759)</u>	<u>(35,485)</u>	<u>146,539</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	761,580	340,000	2,127,786	-	-	-	563,167	3,792,533
Transfers out	(3,030,954)	(235,774)	-	(505,394)	-	-	(20,411)	(3,792,533)
Total other financing sources and (uses)	<u>(2,269,374)</u>	<u>104,226</u>	<u>2,127,786</u>	<u>(505,394)</u>	<u>-</u>	<u>-</u>	<u>542,756</u>	<u>-</u>
Net change in fund balances	(929,359)	(131,441)	851,551	174,359	(302,083)	(23,759)	507,271	146,539
Fund balance - beginning	1,891,619	503,161	208,439	1,012,305	502,540	1,096,478	977,110	6,191,652
Fund balance - ending	<u>\$ 962,260</u>	<u>\$ 371,720</u>	<u>\$ 1,059,990</u>	<u>\$ 1,186,664</u>	<u>\$ 200,457</u>	<u>\$ 1,072,719</u>	<u>\$ 1,484,381</u>	<u>\$ 6,338,191</u>

JEFFERSON COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2005

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 \$ 146,539

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	543,822
Depreciation expense	(719,664)

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	110,336
Public Improvement Revenue Bond principal payments	<u>131,000</u>

Change in Net Assets of Governmental Activities	<u>\$ 212,033</u>
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**JEFFERSON COUNTY, FLORIDA
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
September 30, 2005**

ASSETS	Agency Funds
Cash	\$ <u>920,584</u>
Total assets	\$ <u>920,584</u>
 LIABILITIES	
Due to other agencies	\$ 597,077
Deposits held in escrow	<u>323,507</u>
Total liabilities	\$ <u>920,584</u>

See accompanying notes to the basic financial statements.

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Jefferson, Florida legally exists under Article VIII of the Constitution of the State of Florida as a non-chartered County and operates under an elected County Commission (five members) and provides services to its more than 11,000 residents in many areas, including law enforcement, community enrichment and development, culture and recreation, and human services.

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

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

1. Reporting Entity

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

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2005

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

2. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the activities of the County. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Fund Financial Statements

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

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The County has presented the following major governmental funds:

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2005

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, 2005

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 County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2005

The budget is legally enacted through passage of a Resolution by the Board of County Commissioners. The Board of County Commissioners is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be due to unanticipated revenues and be approved by the Board of County Commissioners and an amendment to the originally adopted budget.

Budgeted amounts are as originally adopted or as amended by the Board of County Commissioners. Individual amendments were not material in relation to the original appropriations, which were adopted other than those for unanticipated revenues.

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

Under Florida Law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessment are also designed to assure a consistent property valuation method statewide. State statutes permit counties to levy property taxes at a rate of up to 10 mills. The tax levy of Jefferson County is established by the County Commission prior to October 1 of each year. The 2004 millage rate assessed by the County was 10 mills.

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

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

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

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2005

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

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

5. Cash and Investments

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

6. Receivables and Payables

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

7. Restricted Assets

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

8. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, right-of-ways, and similar items), are reported in the governmental activities column on the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$750 or more and an estimated useful life in excess of one year. Except for roads and bridges, assets are recorded at historical cost. Roads and bridges are reported at estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2005

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

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

The Sheriff is accountable for and thus maintains capital asset records pertaining only to equipment used in his operations. These assets have been combined with the Board's governmental activities capital assets in the statement of net assets.

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

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

9. Capitalization of Interest

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

10. Compensated Absences

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

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2005

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 \$4,215,649 and the bank balances were \$5,021,059 at September 30, 2005. 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, 2005

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, 2005, and no further allowance is considered necessary. Bad debt expense for the year was \$157,214.

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, 2005, was as follows:

	Balance at 9/30/2004	Additions	Deletions	Balance at 9/30/2005
Governmental activities:				
Land	\$ 671,163	\$ -	\$ -	\$ 671,163
Buildings & improvements	7,367,141	20,000	-	7,387,141
Equipment	6,547,927	518,221	74,462	6,991,686
Infrastructure	<u>26,040,640</u>	-	-	<u>26,040,640</u>
Totals at historical cost	<u>40,626,871</u>	<u>538,221</u>	<u>74,462</u>	<u>41,090,630</u>
Less accumulated depreciation:				
Buildings & improvements	(1,922,307)	(184,239)	-	(2,106,546)
Equipment	(4,809,199)	(535,425)	74,462	(5,270,162)
Infrastructure	<u>(26,040,640)</u>	-	-	<u>(26,040,640)</u>
Total accumulated depreciation	<u>(32,772,146)</u>	<u>(719,664)*</u>	<u>74,462</u>	<u>(33,417,348)</u>
Governmental activities capital Assets, net	<u>\$ 7,854,725</u>	<u>\$(181,443)</u>	<u>\$ -</u>	<u>\$ 7,673,282</u>

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2005

*Depreciation expense was charged to governmental activities as follows:

General government:	
Board of County Commissioners	\$205,652
Property Appraiser	18,278
Clerk of the Circuit Court	12,805
Supervisor of Elections	16,323
General government	<u>3,906</u>
Total general government	<u>256,964</u>
Transportation:	
County road department	<u>125,911</u>
Public safety and judiciary:	
Ambulance service	31,015
Law enforcement	144,256
Fire department	43,520
Emergency management	13,454
Building inspection	<u>1,382</u>
Total public safety and judiciary	<u>233,627</u>
Health and sanitation:	
Refuse and solid waste	<u>85,265</u>
Economic development:	
Grants department	4,263
Agriculture/soil conservation	<u>7,163</u>
Total economic development	<u>11,426</u>
Culture and recreation:	
Recreation	1,485
Library	<u>4,986</u>
Total culture and recreation	<u>6,471</u>
Total depreciation expense	<u>\$ 719,664</u>

NOTE F - LONG-TERM DEBT

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

Items of equipment were acquired in prior years under various installment purchase obligations bearing interest at 5.5% to 5.84% per annum. These obligations require monthly and annual installments of various amounts and expire at various dates through March, 2009.

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2005

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, 2005 follows:

	<u>Balance</u> <u>9/30/2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/2005</u>
Installment				
Obligations	\$ 340,066	\$ -	\$ 110,336	\$ 229,730
Revenue bond	<u>2,971,000</u>	<u>-</u>	<u>131,000</u>	<u>2,840,000</u>
	<u>\$3,311,066</u>	<u>\$ -</u>	<u>\$ 241,336</u>	<u>\$3,069,730</u>

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2005

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of September 30, 2005 are as follows:

Year ended September 30:	Governmental Activities			
	Installment Obligations		Revenue Bonds	
	Principal	Interest	Principal	Interest
2006	\$ 76,320	\$ 8,801	\$ 137,000	\$ 127,800
2007	79,461	5,661	143,000	121,635
2008	73,949	4,732	149,000	115,200
2009	-	-	156,000	108,495
2010	-	-	163,000	101,475
2011-2015	-	-	931,000	309,600
2016-2020	-	-	1,161,000	161,325
Totals	<u>\$ 229,730</u>	<u>\$ 19,194</u>	<u>\$ 2,840,000</u>	<u>\$ 1,045,530</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, 2005

Operating transfers during the year ended September 30, 2005 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Purpose</u>
General fund:			
County Transportation Trust Fund	\$ 235,774	\$ 340,000	(1)
Fine & Forfeiture fund	-	2,127,786	(1)
Sales Tax Fund	505,394	-	(1)
Nonmajor governmental	<u>20,412</u>	<u>563,168</u>	(2)
Total General Fund	<u>761,580</u>	<u>3,030,954</u>	
County Transportation Trust Fund:			
General Fund	<u>340,000</u>	<u>235,774</u>	(1)
Fine & Forfeiture Fund:			
General Fund	<u>2,127,786</u>	-	(1)
Sales Tax Fund:			
General Fund	-	<u>505,394</u>	(1)
Total Nonmajor Funds	<u>563,168</u>	<u>20,412</u>	(1)
Grand Totals	<u>\$ 3,792,534</u>	<u>\$3,792,534</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, 2005 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	\$ 694,072	\$ -
General Fund	-	829,254
County Transportation Trust Fund	-	655,151
Capital Projects Fund	-	1,180,219
Grants Fund	-	91,481
Sales Tax Fund	1,131,341	-
Nonmajor Governmental Funds	<u>1,056,430</u>	<u>125,738</u>
	<u>\$ 2,881,843</u>	<u>\$ 2,881,843</u>

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2005

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, 2005.
- 2) Excesses of expenditures over appropriations in individual funds. During the 2004-2005 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, 2005

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, 2005

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, 2005 the contribution rates were as follows:

<u>Employer</u>	<u>Percent of Gross Salary</u>	
		<u>Employee</u>
Florida Retirement System, Regular	0.00	7.83%
Florida Retirement System, County Elected Officers	0.00	15.23%

The County's 2004-2005 fiscal year payroll for all employees totaled \$2,316,908, including \$2,267,042 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, 2005, 2004 and 2003 totaled \$234,695, \$217,251 and \$206,680, 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, 2005

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 2004-2005 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 2004-2005 fiscal year and as of June 30, 2005, 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, 2005

NOTE M - ROAD BONDS ADMINISTERED BY THE STATE OF FLORIDA

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

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

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

The County had an arbitrage rebate liability of \$-0- as of September 30, 2005.

Information regarding the bond issue is as follows:

Amount of Issue: \$3,600,000
Date of Issue: September 1, 1992
Maturity Dates:

May 1, 2006	\$ 205,000
May 1, 2007	215,000
May 1, 2008	225,000
May 1, 2009	240,000
May 1, 2010	255,000
May 1, 2011 - 2012	<u>555,000</u>
	<u>\$1,695,000</u>

The County of Jefferson, Florida

NOTES TO FINANCIAL STATEMENTS (Continued)

September 30, 2005

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	\$141,973
Fine and Forfeiture Fund - Reserve for special law enforcement fund, court education fund and communications trust fund	<u>677,064</u>
	<u>\$819,037</u>

Capital Projects Fund - Reserve for road construction	<u>\$200,457</u>
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Debt Service Fund - Reserve for debt service	<u>\$ 184,545</u>
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The reserve for debt service in the debt service fund is the accumulation of pledged gasoline tax revenues discussed in Note M above.

NOTE O - RISK MANAGEMENT

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

- Real and Personal Property Damage
- Public Employees Bond
- Workers' Compensation
- Automobile Liability
- Comprehensive General Liability

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

REQUIRED SUPPLEMENTAL INFORMATION

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2005**

	<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	\$ 1,891,619	\$ 1,891,619	\$ 1,891,619	\$ -
Resources (Inflows):				
Taxes:				
Ad valorem	2,953,763	2,953,763	2,948,542	(5,221)
Total taxes	<u>2,953,763</u>	<u>2,953,763</u>	<u>2,948,542</u>	<u>(5,221)</u>
Licenses and permits:				
Occupational licenses	2,500	7,050	7,050	-
Contractors licenses	5,000	9,655	9,655	-
Building permits	93,000	120,429	120,429	-
Development code permits	84,820	124,687	124,687	-
Total licenses and permits	<u>185,320</u>	<u>261,821</u>	<u>261,821</u>	<u>-</u>
Intergovernmental:				
Emergency management grants	132,712	132,712	126,369	(6,343)
Diabetes grant	103,000	103,000	103,000	-
Other grants	12,400	267,400	255,513	(11,887)
State library aid	52,471	64,093	58,721	(5,372)
Federal revenue sharing	-	84,154	84,154	-
State revenue sharing	242,581	242,581	212,330	(30,251)
Insurance agent licenses	20,000	21,492	21,492	-
Mobile home licenses	6,000	7,932	7,932	-
Alcoholic beverage licenses	1,500	2,217	2,217	-
Cardroom tax	-	17,495	17,495	-
Racing taxes	111,625	111,625	111,625	-
State sales taxes	651,619	728,936	658,088	(70,848)
Emergency management grants	15,000	109,171	109,171	-
Recreation grant	171,033	171,033	45,460	(125,573)
State payments in lieu of taxes	18,000	18,000	6,348	(11,652)
Total intergovernmental	<u>1,537,941</u>	<u>2,081,841</u>	<u>1,819,915</u>	<u>(261,926)</u>
Charges for services:				
Ambulance fees	300,000	509,465	509,465	-
Tax collector fees	235,000	272,796	272,796	-
Clerk of Court fees	-	174,119	174,119	-
Other elected officials fees	-	10,393	10,393	-
Recording & indexing	-	33,584	33,584	-
Garbage and refuse fees	100,800	103,491	87,965	(15,526)
Total charges for services	<u>635,800</u>	<u>1,103,848</u>	<u>1,088,322</u>	<u>(15,526)</u>

JEFFERSON COUNTY, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED SEPTEMBER 30, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Miscellaneous:				
Interest	-	22,109	22,109	-
Donations	-	300	345	45
Rent income	1,500	1,500	1,500	-
Other miscellaneous income	-	2,580	6,207	3,627
Total miscellaneous	<u>1,500</u>	<u>26,489</u>	<u>30,161</u>	<u>3,672</u>
Other financing sources:				
Transfers in	<u>741,168</u>	<u>761,580</u>	<u>761,580</u>	-
Total resources (inflows)	<u>6,055,492</u>	<u>7,189,342</u>	<u>6,910,341</u>	<u>(279,001)</u>
Amounts available for appropriation	<u>7,947,111</u>	<u>9,080,961</u>	<u>8,801,960</u>	<u>(279,001)</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Charges to appropriations (outflows):				
Board of County Commissioners:				
Personal services	145,723	145,723	107,214	38,509
Operating expenses	363,650	363,650	324,621	39,029
Capital outlay	3,500	3,500	3,500	-
Total Board of County Commissioners	<u>512,873</u>	<u>512,873</u>	<u>435,335</u>	<u>77,538</u>
County Attorney:				
Operating expenses	66,462	66,462	90,195	(23,733)
Property Appraiser:				
Personal services	264,373	264,373	259,372	5,001
Operating expenses	126,232	126,232	109,492	16,740
Capital outlay	12,000	12,000	-	12,000
Total property appraiser	<u>402,605</u>	<u>402,605</u>	<u>368,864</u>	<u>33,741</u>
Tax Collector:				
Personal services	260,000	260,000	255,410	4,590
Operating expenses	108,850	108,850	77,068	31,782
Capital outlay	32,776	32,776	-	32,776
Total tax collector	<u>401,626</u>	<u>401,626</u>	<u>332,478</u>	<u>69,148</u>
Clerk of the Circuit Court:				
Personal services	208,138	208,138	175,889	32,249
Operating expenses	97,345	97,345	86,875	10,470
Capital outlay	7,500	7,500	1,790	5,710
Total Clerk of the Circuit Court	<u>312,983</u>	<u>312,983</u>	<u>264,554</u>	<u>48,429</u>
State attorney:				
Operating expenses	32,875	32,875	16,217	16,658
Public defender:				
Operating expenses	28,565	28,565	21,071	7,494
Court reporters:				
Operating expenses	-	-	88	(88)
Supervisor of elections:				
Personnel services	117,570	117,570	114,126	3,444
Operating expenses	78,185	78,185	70,457	7,728
Total supervisor of elections	<u>195,755</u>	<u>195,755</u>	<u>184,583</u>	<u>11,172</u>
Grants management:				
Personnel services	12,739	12,739	8,577	4,162
Operating expenses	19,400	19,400	18,445	955
Capital outlay	-	-	4,189	(4,189)
Total grants management	<u>32,139</u>	<u>32,139</u>	<u>31,211</u>	<u>928</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2005**

	<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	22,630	22,630	21,568	1,062
Operating expenses	88,290	88,290	91,323	(3,033)
Capital outlay	24,500	24,500	-	24,500
Total courthouse and annexes	<u>135,420</u>	<u>135,420</u>	<u>112,891</u>	<u>22,529</u>
County planning:				
Personnel services	81,910	81,910	73,156	8,754
Operating expenses	27,071	27,071	27,256	(185)
Capital outlay	4,900	4,900	4,272	628
Total county planning	<u>113,881</u>	<u>113,881</u>	<u>104,684</u>	<u>9,197</u>
Economic development:				
Operating expenses	22,150	22,150	22,150	-
Veterans affairs:				
Personnel services	8,515	8,515	5,924	2,591
Operating expenses	7,425	7,425	7,532	(107)
Total veterans affairs	<u>15,940</u>	<u>15,940</u>	<u>13,456</u>	<u>2,484</u>
Fire control:				
Operating expenses	11,300	11,300	11,279	21
County jail:				
Operating expenses	689,228	689,228	507,849	181,379
Capital outlay	5,000	5,000	-	5,000
Total county jail	<u>694,228</u>	<u>694,228</u>	<u>507,849</u>	<u>186,379</u>
Building inspection:				
Personnel services	100,257	100,257	93,254	7,003
Operating expenses	18,231	18,231	20,756	(2,525)
Capital outlay	2,500	2,500	3,401	(901)
Total building inspection	<u>120,988</u>	<u>120,988</u>	<u>117,411</u>	<u>3,577</u>
Medical examiner:				
Operating expenses	25,000	25,000	31,706	(6,706)
Emergency management:				
Personnel services	88,018	88,018	70,683	17,335
Operating expenses	69,900	69,900	66,507	3,393
Capital outlay	3,961	3,961	21,409	(17,448)
Total emergency management	<u>161,879</u>	<u>161,879</u>	<u>158,599</u>	<u>3,280</u>
Construction licensing:				
Personnel services	5,534	5,534	5,674	(140)
Operating expenses	373	373	52	321
Total construction licensing	<u>5,907</u>	<u>5,907</u>	<u>5,726</u>	<u>181</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2005**

	<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	154,102	154,102	140,316	13,786
Operating expenses	<u>85,587</u>	<u>85,587</u>	<u>81,093</u>	<u>4,494</u>
Total refuse/solid waste	<u>239,689</u>	<u>239,689</u>	<u>221,409</u>	<u>18,280</u>
Health department:				
Operating expenses	<u>126,770</u>	<u>376,770</u>	<u>374,314</u>	<u>2,456</u>
Mental health:				
Operating expenses	<u>60,200</u>	<u>60,200</u>	<u>39,200</u>	<u>21,000</u>
Ambulance service:				
Personnel services	404,774	404,774	402,440	2,334
Operating expenses	97,700	97,700	248,063	(150,363)
Capital outlay	<u>35,000</u>	<u>35,000</u>	<u>63,271</u>	<u>(28,271)</u>
Total ambulance service	<u>537,474</u>	<u>537,474</u>	<u>713,774</u>	<u>(176,300)</u>
Welfare participation programs:				
Operating expenses	<u>276,380</u>	<u>276,380</u>	<u>163,238</u>	<u>113,142</u>
Recreation:				
Personnel services	46,270	46,270	44,757	1,513
Operating expenses	179,908	179,908	63,874	116,034
Capital outlay	<u>1,000</u>	<u>1,000</u>	<u>750</u>	<u>250</u>
Total recreation	<u>227,178</u>	<u>227,178</u>	<u>109,381</u>	<u>117,797</u>
Library:				
Personnel services	133,751	133,751	134,078	(327)
Operating expenses	41,162	46,534	43,557	2,977
Capital outlay	<u>11,000</u>	<u>11,000</u>	<u>11,293</u>	<u>(293)</u>
Total library	<u>185,913</u>	<u>191,285</u>	<u>188,928</u>	<u>2,357</u>
Agriculture/soil conservation:				
Personnel services	127,970	127,970	124,117	3,853
Operating expenses	35,850	35,850	41,577	(5,727)
Capital outlay	<u>2,500</u>	<u>2,500</u>	<u>2,461</u>	<u>39</u>
Total agriculture/soil conservation	<u>166,320</u>	<u>166,320</u>	<u>168,155</u>	<u>(1,835)</u>
Other financing uses:				
Transfers out	<u>2,690,953</u>	<u>3,230,953</u>	<u>3,030,953</u>	<u>200,000</u>
Total charges to appropriations (outflows)	<u>7,803,453</u>	<u>8,598,825</u>	<u>7,839,700</u>	<u>759,125</u>
Ending budgetary fund balance	<u>\$ 143,658</u>	<u>\$ 482,136</u>	<u>\$ 962,260</u>	<u>\$ (1,038,126)</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
COUNTY TRANSPORTATION TRUST FUND
YEAR ENDED SEPTEMBER 30, 2005**

	<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	\$ 503,161	\$ 503,161	\$ 503,161	\$ -
Resources (inflows):				
Taxes:				
Local option gasoline tax	748,244	775,256	775,256	-
Intergovernmental:				
Hurricane assistance - FEMA	-	148,364	148,364	-
Hurricane assistance - State	-	7,154	7,154	-
CTST Grant	-	323,765	323,765	-
Small counties road grant	-	252,834	252,834	-
9th cent gas tax	160,948	169,586	169,586	-
Racing tax	111,625	111,625	111,625	-
Gasoline tax pour over trust	324,562	324,562	322,101	(2,461)
Motor fuel use tax	-	20,164	20,165	1
5th & 6th cent gasoline tax	458,094	458,094	438,413	(19,681)
Total intergovernmental	1,055,229	1,816,148	1,794,007	(22,141)
Charges for services:				
Pipe installation fees	10,000	14,940	14,940	-
Pipe sales	5,000	14,203	14,203	-
Driveway permits	1,500	1,802	1,802	-
Total charges for services	16,500	30,945	30,945	-
Miscellaneous:				
Investment income	-	10,716	10,716	-
Other miscellaneous	-	43	43	-
Total miscellaneous	-	10,759	10,759	-
Other financing sources:				
Transfers in	-	340,000	340,000	-
Total resources (inflows)	1,819,973	2,973,108	2,950,967	(22,141)
Amounts available for appropriation	2,323,134	3,476,269	3,454,128	(22,141)

JEFFERSON COUNTY, FLORIDA
 BUDGETARY COMPARISON SCHEDULE
 COUNTY TRANSPORTATION TRUST FUND
 YEAR ENDED SEPTEMBER 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges to appropriations (outflows):				
Transportation:				
Personnel services	918,899	918,899	827,094	91,805
Other expenses	754,905	1,752,722	1,872,175	(119,453)
Capital outlay	180,190	180,190	147,365	32,825
Total transportation	<u>1,853,994</u>	<u>2,851,811</u>	<u>2,846,634</u>	<u>5,177</u>
Other financing uses:				
Transfers out	<u>235,774</u>	<u>235,774</u>	<u>235,774</u>	<u>-</u>
Total charges to appropriations (outflows)	<u>2,089,768</u>	<u>3,087,585</u>	<u>3,082,408</u>	<u>5,177</u>
Ending budgetary fund balance	<u>\$ 233,366</u>	<u>\$ 388,684</u>	<u>\$ 371,720</u>	<u>\$ (16,964)</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
FINE AND FORFEITURE FUND
YEAR ENDED SEPTEMBER 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Beginning budgetary fund balance	\$ 208,439	\$ 208,439	\$ 208,439	\$ -
Resources (inflows):				
Taxes:				
Ad valorem	<u>738,440</u>	<u>738,440</u>	<u>735,203</u>	<u>(3,237)</u>
Intergovernmental:				
Federal grants:				
Anti-drug grant	134,579	134,579	183,516	48,937
Local law enforcement block grant	<u>14,174</u>	<u>14,174</u>	<u>-</u>	<u>(14,174)</u>
Total federal grants	148,753	148,753	183,516	34,763
Resource officer grant	30,927	30,927	30,927	-
City drug grant	<u>-</u>	<u>-</u>	<u>6,852</u>	<u>6,852</u>
Total intergovernmental	<u>179,680</u>	<u>179,680</u>	<u>221,295</u>	<u>41,615</u>
Charges for services:				
Sheriff fees	<u>10,000</u>	<u>10,000</u>	<u>17,290</u>	<u>7,290</u>
Fines and costs:				
County fines	58,900	58,900	77,074	18,174
Specil Law Enforcement trust fund	-	-	46,445	46,445
Court education trust fund	7,000	7,000	23,964	16,964
Confiscated property	-	-	6,156	6,156
Impoundment	-	-	1,000	1,000
Domestic violence trust fund	-	-	1,150	1,150
Communications trust fund	<u>35,000</u>	<u>35,000</u>	<u>72,776</u>	<u>37,776</u>
Total fines and costs	<u>100,900</u>	<u>100,900</u>	<u>228,565</u>	<u>127,665</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
FINE AND FORFEITURE FUND
YEAR ENDED SEPTEMBER 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Miscellaneous:				-
Commissary proceeds	-	-	23,998	23,998
Investment earnings	-	-	4,971	4,971
Tower rent	2,040	2,040	1,530	(510)
Total miscellaneous	<u>2,040</u>	<u>2,040</u>	<u>30,499</u>	<u>28,459</u>
Other financing sources:				
Transfers in	2,127,786	2,127,786	2,127,786	-
Total resources (inflows)	<u>3,158,846</u>	<u>3,158,846</u>	<u>3,360,638</u>	<u>201,792</u>
Amounts available for appropriation	<u>3,367,285</u>	<u>3,367,285</u>	<u>3,569,077</u>	<u>201,792</u>
Charges to appropriations (Outflows):				
Public safety:				
Personnel services	1,834,834	1,834,834	1,743,994	90,840
Operating expenses	661,594	661,594	746,707	(85,113)
Capital outlay	35,000	35,000	18,386	16,614
Total public safety	<u>2,531,428</u>	<u>2,531,428</u>	<u>2,509,087</u>	<u>22,341</u>
Total charges to appropriations (outflows)	<u>2,531,428</u>	<u>2,531,428</u>	<u>2,509,087</u>	<u>22,341</u>
Ending budgetary fund balance	<u>\$ 835,857</u>	<u>\$ 835,857</u>	<u>\$ 1,059,990</u>	<u>\$ 224,133</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
SALES TAX FUND
YEAR ENDED SEPTEMBER 30, 2005**

	<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	\$ 1,012,305	\$ 1,012,305	\$ 1,012,305	\$ -
Resources (inflows):				
Taxes:				
Local option sales tax	<u>531,994</u>	<u>679,753</u>	<u>679,753</u>	<u>-</u>
Total resources (inflows)	<u>531,994</u>	<u>679,753</u>	<u>679,753</u>	<u>-</u>
Amounts available for appropriation	<u>1,544,299</u>	<u>1,692,058</u>	<u>1,692,058</u>	<u>-</u>
Charges to appropriations (outflows):				
Other financing uses:				
Transfers out	<u>505,394</u>	<u>653,153</u>	<u>505,394</u>	<u>147,759</u>
Total charges to appropriations (outflows)	<u>505,394</u>	<u>653,153</u>	<u>505,394</u>	<u>147,759</u>
Ending budgetary fund balance	<u>\$ 1,038,905</u>	<u>\$ 1,038,905</u>	<u>\$ 1,186,664</u>	<u>\$ 147,759</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
YEAR ENDED SEPTEMBER 30, 2005**

	<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	\$ 502,540	\$ 502,540	\$ 502,540	\$ -
Resources (inflows):				
Intergovernmental:				
Federal grants:				
Rural Business Enterprise Grant	193,725	193,725	193,725	-
NRCS Grant	341,851	341,851	341,851	-
Total intergovernmental	<u>535,576</u>	<u>535,576</u>	<u>535,576</u>	<u>-</u>
Miscellaneous:				
Investment income	41,218	41,218	41,786	568
Total miscellaneous	<u>41,218</u>	<u>41,218</u>	<u>41,786</u>	<u>41,786</u>
Other financing sources:				
Transfers in	-	304,065	-	(304,065)
Total resources (inflows)	<u>576,794</u>	<u>880,859</u>	<u>577,362</u>	<u>273,297</u>
Amounts available for appropriation	<u>1,079,334</u>	<u>1,383,399</u>	<u>1,079,902</u>	<u>273,297</u>
Charges to appropriations (outflows):				
Economic Development	187,677	187,677	187,677	-
Transportation	116,718	420,783	419,369	1,414
Other general government	272,399	272,399	272,399	-
Total charges to appropriations (outflows)	<u>576,794</u>	<u>880,859</u>	<u>879,445</u>	<u>1,414</u>
Ending budgetary fund balance	<u>\$ 502,540</u>	<u>\$ 502,540</u>	<u>\$ 200,457</u>	<u>\$ (606,148)</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GRANTS FUND
YEAR ENDED SEPTEMBER 30, 2005**

	<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	\$ 1,096,478	\$ 1,096,478	\$ 1,096,478	\$ -
Resources (inflows):				
Intergovernmental:				
Federal grants:				
Low income housing	600,000	600,000	680,929	80,929
Community development block grant	400,000	400,000	9,515	(390,485)
Jobs training partnership act	-	-	-	-
Food distribution	3,000	3,000	-	(3,000)
Low income energy assistance	91,000	91,000	30,400	(60,600)
Total federal grants	<u>1,094,000</u>	<u>1,094,000</u>	<u>720,844</u>	<u>(373,156)</u>
State grants:				
State housing initiatives partnership	300,000	300,000	367,500	67,500
Total intergovernmental	<u>1,394,000</u>	<u>1,394,000</u>	<u>1,088,344</u>	<u>(305,656)</u>
Miscellaneous:				
Investment income	-	-	1,071	1,071
Total miscellaneous	<u>-</u>	<u>-</u>	<u>1,071</u>	<u>1,071</u>
Total resources (inflows)	<u>1,394,000</u>	<u>1,394,000</u>	<u>1,089,415</u>	<u>(304,585)</u>
Amounts available for appropriation	<u>2,490,478</u>	<u>2,490,478</u>	<u>2,185,893</u>	<u>(304,585)</u>

**JEFFERSON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GRANTS FUND
YEAR ENDED SEPTEMBER 30, 2005**

	<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	40,000	40,000	47,256	(7,256)
Other expenses	<u>800,000</u>	<u>800,000</u>	<u>650,550</u>	<u>149,450</u>
Total low income housing	<u>840,000</u>	<u>840,000</u>	<u>697,806</u>	<u>142,194</u>
Community development block grant:				
Personnel services	23,000	23,000	-	23,000
Other expenses	<u>120,000</u>	<u>120,000</u>	<u>29,110</u>	<u>90,890</u>
Total community development block grant	<u>143,000</u>	<u>143,000</u>	<u>29,110</u>	<u>113,890</u>
Food distribution:				
Personnel services	-	-	-	-
Other expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total food distribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
State housing initiatives partnership:				
Personnel services	41,000	41,000	30,313	10,687
Other expenses	<u>300,000</u>	<u>300,000</u>	<u>318,530</u>	<u>(18,530)</u>
Total state housing initiatives partnership	<u>341,000</u>	<u>341,000</u>	<u>348,843</u>	<u>(7,843)</u>
Low income energy assistance:				
Personnel services	8,000	8,000	-	8,000
Other expenses	<u>62,000</u>	<u>62,000</u>	<u>37,415</u>	<u>24,585</u>
Total low income energy assistance	<u>70,000</u>	<u>70,000</u>	<u>37,415</u>	<u>32,585</u>
Total charges to appropriations	<u>1,394,000</u>	<u>1,394,000</u>	<u>1,113,174</u>	<u>280,826</u>
Ending budgetary fund balance	<u>\$ 1,096,478</u>	<u>\$ 1,096,478</u>	<u>\$ 1,072,719</u>	<u>\$ (23,759)</u>

The County of Jefferson, Florida

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

September 30, 2005

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, 2005.

OTHER SUPPLEMENTAL INFORMATION

JEFFERSON COUNTY, FLORIDA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 September 30, 2005

	Special Revenue				Debt Service Fund	Total Nonmajor Governmental Funds
	Fire Assessment	Solid Waste Fund	Local Government Criminal Justice Fund	E-911 fund		
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ 310,283	\$ 310,283
Due from other governments	4,616	143,268	-	156,103	-	303,987
Due from other funds	405,580	230,685	-	420,165	-	1,056,430
Total assets	<u>\$ 410,196</u>	<u>\$ 373,953</u>	<u>\$ -</u>	<u>\$ 576,268</u>	<u>\$ 310,283</u>	<u>\$ 1,670,700</u>
LIABILITIES						
Accounts payable	\$ 6,046	\$ 54,535	\$ -	\$ -	\$ -	\$ 60,581
Due to other funds	-	-	-	-	125,738	125,738
Total liabilities	<u>6,046</u>	<u>54,535</u>	<u>-</u>	<u>-</u>	<u>125,738</u>	<u>186,319</u>
FUND BALANCES						
Unreserved:						
Designated:						
Fire safety	404,150	-	-	-	-	404,150
Solid waste	-	319,418	-	-	-	319,418
Criminal justice system	-	-	-	-	-	-
Emergency communications	-	-	-	576,268	-	576,268
Debt service	-	-	-	-	184,545	184,545
Total fund balances	<u>404,150</u>	<u>319,418</u>	<u>-</u>	<u>576,268</u>	<u>184,545</u>	<u>1,484,381</u>
Total liabilities and fund balances	<u>\$ 410,196</u>	<u>\$ 373,953</u>	<u>\$ -</u>	<u>\$ 576,268</u>	<u>\$ 310,283</u>	<u>\$ 1,670,700</u>

JEFFERSON COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2005

	<u>Special Revenue</u>				<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Fire Assessment</u>	<u>Solid Waste Fund</u>	<u>Local Government Criminal Justice Fund</u>	<u>E-911 Fund</u>		
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 119,286	\$ 376,789	\$ 496,075
Fines and costs	-	-	-	-	-	-
Intergovernmental	90,213	250,690	-	160,696	-	501,599
Miscellaneous	436,598	1,047,352	-	-	3,670	1,487,620
	<u>526,811</u>	<u>1,298,042</u>	<u>-</u>	<u>279,982</u>	<u>380,459</u>	<u>2,485,294</u>
Total revenues						
EXPENDITURES						
Current:						
Fire safety	357,096	-	-	-	-	357,096
Public safety	-	-	-	55,527	-	55,527
Health and sanitation	-	1,379,279	-	-	-	1,379,279
Debt Service:						
Principal	-	-	-	-	326,000	326,000
Interest & other	-	-	-	-	243,863	243,863
Capital outlay	159,014	-	-	-	-	159,014
	<u>516,110</u>	<u>1,379,279</u>	<u>-</u>	<u>55,527</u>	<u>569,863</u>	<u>2,520,779</u>
Total expenditures						
Excess (deficiency) of revenues over expenditures	<u>10,701</u>	<u>(81,237)</u>	<u>-</u>	<u>224,455</u>	<u>(189,404)</u>	<u>(35,485)</u>
OTHER FINANCING SOURCES AND (USES)						
Transfers in	4,365	237,424	-	-	321,378	563,167
Transfers (out)	-	-	(20,411)	-	-	(20,411)
	<u>4,365</u>	<u>237,424</u>	<u>(20,411)</u>	<u>-</u>	<u>321,378</u>	<u>542,756</u>
Total other financing Sources and (Uses)						
Net change in fund balances	15,066	156,187	(20,411)	224,455	131,974	507,271
Beginning fund balances	389,084	163,231	20,411	351,813	52,571	977,110
Ending fund balances	<u>\$ 404,150</u>	<u>\$ 319,418</u>	<u>\$ -</u>	<u>\$ 576,268</u>	<u>\$ 184,545</u>	<u>\$ 1,484,381</u>

**JEFFERSON COUNTY, FLORIDA
 COMBINING STATEMENT OF NET ASSETS
 FIDUCIARY FUNDS
 September 30, 2005**

	<u>Agency funds</u>			<u>Totals</u>
	<u>Clerk of the Circuit Court</u>	<u>Tax Collector</u>	<u>Sheriff</u>	
ASSETS				
Cash	\$ 390,299	\$ 423,709	\$ 106,576	\$ 920,584
Total assets	<u>\$ 390,299</u>	<u>\$ 423,709</u>	<u>\$ 106,576</u>	<u>\$ 920,584</u>
LIABILITIES				
Due to other agencies	\$ 173,368	\$ 423,709	\$ -	\$ 597,077
Deposits held in escrow	<u>216,931</u>	<u>-</u>	<u>106,576</u>	<u>323,507</u>
Total liabilities	<u>\$ 390,299</u>	<u>\$ 423,709</u>	<u>\$ 106,576</u>	<u>\$ 920,584</u>

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

March 16, 2006

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, 2005, and have issued our report thereon dated March 16, 2006.

We conducted our audit in accordance with United States generally accepted auditing standards, and *Government Auditing Standards* issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditor's Report on Compliance and Internal Control over financial reporting, Independent Auditor's Report on Compliance and Internal Control over Compliance Applicable to each Major Federal Program and State Project, and Schedule of Findings and Questioned Costs. Disclosures in those reports, which are dated March 16, 2006, 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 address 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.), the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Jefferson County, Florida Board of County Commissioners complied with Section 218.415, Florida Statutes

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

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

The Rules of the Auditor General (Section 10.554(1)(h)4.) require disclosure in the management letter of the following matters if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs and are not clearly inconsequential: (1) Violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit revealed no matters of the above items that were required to be disclosed.

As required by the Rules of the Auditor General (Section 10.554(1)(h)6.a.), a statement must be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes. In connection with our audit, we determined that the Jefferson County, Florida Board of County Commissioners did not meet any of the conditions described in Section 218.50(1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(h)6.b), we determined that the annual financial report for the Jefferson County, Florida Board of County Commissioners for the fiscal year ended September 30, 2005, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2005.

As required by the Rules of the Auditor General (Sections 10.554(h)6.c. and 10.556(7), we applied financial assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. Our assessment did not disclose any deteriorating financial conditions as of the fiscal year ended September 30, 2005.

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

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

Betts, Rogee, Schuch, Jones

The County of Jefferson, Florida
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
For the year ended September 30, 2005

<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	\$ 680,929	\$ 680,929
<u>Passed through State:</u>					
Department of Community Affairs	Community Development Block Grant	14.228	05DB-2Q-02-43-01-H02	9,515	9,515
TOTAL U.S. DEPARTMENT OF HUD				<u>\$ 690,444</u>	<u>\$ 690,444</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	N/A	\$ 25,619	\$ 25,619
TOTAL U.S. DEPARTMENT OF ENERGY				<u>\$ 25,619</u>	<u>\$ 25,619</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
<u>Direct Programs:</u>					
	Rural Business Enterprise Grant	10.769	N/A	\$ 143,811	\$ 143,811
	Natural Resource Conservation	10.901	68-4209-4-1624	341,851	341,851
<u>Passed through State:</u>					
Department of Agriculture	Volunteer Fire Assistance	10.664	2004	4,597	4,597
	Volunteer Fire Assistance	10.664	2005	4,616	4,616
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>\$ 494,875</u>	<u>\$ 494,875</u>

The County of Jefferson, Florida
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
For the year ended September 30, 2005

<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	N/A	\$ 4,781	\$ 4,781
Department of Health	Sentinal Chicken Grant	93.283	N/A	7,000	7,000
Department of Revenue	Child Support Enforcement	93.563	CC333	23,496	23,496
Department of Revenue	Child Support Enforcement	93.563	T0233	1,911	1,911
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>\$ 37,188</u>	<u>\$ 37,188</u>
 <u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>					
<u>Direct Programs:</u>					
	Assistance to Firefighters Grant	97.044	EMW-2003-FG-18684	\$ 81,000	\$ 81,000
<u>Passed through State:</u>					
	Emergency Management Performance Grant	97.042	05-BG-04-02-43-01-206	126,368	126,368
Department of Community Affairs	Disaster Grants - Public Assistance	97.036	FEMA-1545-DR-FL	53,357	53,357
Department of Community Affairs	Disaster Grants - Public Assistance	97.036	FEMA-1561-DR-FL	70,025	70,025
Department of Community Affairs	Disaster Grants - Public Assistance	97.036	FEMA-1551-DR-FL	24,981	24,981
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY				<u>\$ 355,731</u>	<u>\$ 355,731</u>

The County of Jefferson, Florida
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
For the year ended September 30, 2005

<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 JUSTICE</u>					
<u>Passed through State:</u>					
Department of Law Enforcement	Byrne Formula Grant	16.592	05-CJ-K3-02-43-01-230	\$ 183,516	\$ 183,516
Office of the Attorney General	Victims of Crime Act	16.575	V4277	<u>37,162</u>	<u>37,162</u>
TOTAL U.S. DEPARTMENT OF JUSTICE				<u>\$ 220,678</u>	<u>\$ 220,678</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>					
<u>Passed through State:</u>					
Department of Transportation	Highway Planning & Construction	20.205	AN031	\$ 323,765	\$ 323,765
TOTAL U.S. DEPARTMENT OF TRANSPORTATION				<u>\$ 323,765</u>	<u>\$ 323,765</u>
TOTAL FEDERAL ASSISTANCE				<u>\$ 2,148,300</u>	<u>\$ 2,148,300</u>
<u>STATE ASSISTANCE:</u>					
<u>Florida Department of Environmental Protection</u>					
	Small Counties Grant	37.012	SC519	\$ 191,176	\$ 191,176
	Fl. Recreation Dev. Assis. Prog.	37.017	F3435	45,460	45,460
	Cooperative Collection Center Grant	37.007	S0178	<u>15,489</u>	<u>15,489</u>
Total Florida Department of Environmental Protection				<u>\$ 252,125</u>	<u>\$ 252,125</u>

The County of Jefferson, Florida
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
For the year ended September 30, 2005

<u>Federal Grantor/Pass-through Grantor</u>	<u>Program Title</u>	<u>Federal/State CFDA/CSFA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Receipts</u>	<u>Expenditures</u>
<u>Florida Department of State</u>					
	State Aid to Libraries	45.030	05-ST-93	\$ 58,721	\$ 58,721
Total Florida Department of State				<u>\$ 58,721</u>	<u>\$ 58,721</u>
<u>Florida Department of Community Affairs</u>					
	State Housing Initiatives Partnership	52.901	SHIP	\$ 367,500	\$ 348,842
	Disaster Grants	52.60038	FEMA-1545-DR-FL	2,345	2,345
	Disaster Grants	52.60038	FEMA-1561-DR-FL	3,611	3,611
	Disaster Grants	52.60038	FEMA-1551-DR-FL	1,198	1,198
Total Florida Department of Community Affairs				<u>\$ 374,654</u>	<u>\$ 355,996</u>
<u>Florida Department of Management Services</u>					
	Wireless 911 Rural County Grant Program	72.001	N/A	\$ 160,697	\$ 160,697
Total Florida Department of Management Services				<u>\$ 160,697</u>	<u>\$ 160,697</u>
<u>Florida Department of Health</u>					
	Primary Care/Diabetes Grant	64.007	PCCG-0405-02	\$ 77,250	\$ 77,250
	Primary Care/Diabetes Grant	64.007	PCCG-0506-02	25,750	25,750
	Emergency Medical Services	64.005	C4033	11,892	11,892
	Emergency Medical Services	64.005	M5114	29,728	29,728
	Emergency Medical Services	64.005	M5115	67,551	67,551
Total Florida Department of Health				<u>\$ 212,171</u>	<u>\$ 212,171</u>

The County of Jefferson, Florida
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
For the year ended September 30, 2005

<u>Federal Grantor/Pass-through Grantor</u>	<u>Program Title</u>	<u>Federal/State CFDA/CSFA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Receipts</u>	<u>Expenditures</u>
<u>Florida Department of Agriculture</u>					
	Mosquito Control	42.003	N/A	\$ 37,025	\$ 37,025
Total Florida Department of Agriculture				<u>\$ 37,025</u>	<u>\$ 37,025</u>
<u>Florida Department of Transportation</u>					
	County Incentive Grant Program	55.008	40880315401	\$ 91,117	\$ 91,117
	Small County Road Assistance Program	55.016	AL816	161,716	161,716
Total Florida Department of Transportation				<u>\$ 252,833</u>	<u>\$ 252,833</u>
TOTAL STATE ASSISTANCE				<u>\$ 1,348,226</u>	<u>\$ 1,329,568</u>
TOTAL FEDERAL AND STATE ASSISTANCE				<u>\$ 3,496,526</u>	<u>\$ 3,477,868</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 ENDED SEPTEMBER 30, 2005**

No findings were noted in the 2004 audit.

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

March 16, 2006

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, 2005, and have issued our report thereon dated March 16, 2006. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings and Questioned Costs as items 2005-2 and 2005-3.

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.

Betts, Rogan, Schenk & Jones

BEN F. BETTS, JR., C.P.A.
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March 16, 2006

**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, 2005. 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.

As described in items 2005-2 and 2005-3 in the accompanying schedule of findings and questioned costs, the Board of County Commissioners of Jefferson County, Florida did not comply with requirements regarding eligibility and housing quality standards that are applicable to its Section 8 Program. Compliance with such requirements is necessary, in our opinion, for the Board of County Commissioners of Jefferson County, Florida to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2005.

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.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Board of County Commissioners of Jefferson County, Florida's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 2005-1.

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2005-1 to be a material weakness.

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

Beth Rogers, Schenk, Jones

JEFFERSON COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2005

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 for all major programs except for Section 8 which was qualified.
Internal Control over major programs:	
Material weakness(es) identified?	Yes
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)?	Yes

Identification of major Federal programs:	
CFDA Number/Program	14.195/Section 8 20.205/Highway Planning & Construction 10.901/Rural Conservation & Development

Identification of major State programs:	
CSFA Number/Program	52.901/State Housing Initiatives Partnership 37.012/Small Counties Grant 55.016/Small Counties Road Assistance

JEFFERSON COUNTY, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended September 30, 2005

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

Reportable Conditions:

2005-1 Section 8 Tenant Recertifications
Condition: Tenants are required to be recertified for eligibility in the program on an annual basis. While procedures had been designed to insure recertifications were being completed annually, those procedures were not being followed.

Criteria: Internal controls should be in place that provide reasonable assurance that procedures designed to meet compliance requirements are being followed.

Effect: Because of the failure to follow procedures, tenants could be receiving rent assistance when they no longer qualify or in amounts that are not correct based on their income.

Recommendation: The Board has hired an outside consultant to review and correct the deficiencies in the procedures being used for the Section 8 Program. We recommend that procedures be implemented immediately to insure that all

JEFFERSON COUNTY, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended September 30, 2005

Schedule III – Federal Award Findings and Questioned Costs (cont.)

Reportable Conditions (cont.):

recertifications be completed in a timely manner and that appropriate personnel monitor the program to see that those procedures are being followed.

Findings:

**Questioned
Costs**

Department of Housing and Urban Development

Section 8 Program – CFDA No. 14.195

2005-2 Statement of Condition: Documentation to demonstrate that annual recertifications had been done could not be found in 17 tenant files.

Criteria: Eligibility for the program requires recertifications be completed annually to verify family income and size.

Effect of Condition: The cost of the assistance may be disallowed.

	<u>Number</u>	<u>Dollars</u>	
Population	123	\$680,929	
Sample	20	92,880	
Not in Compliance	17	81,792	
Questioned Costs			\$ 81,792

Cause of Condition: Procedures established for performing annual recertifications were not being followed.

Recommendation: Established procedures should be followed and appropriate personnel should monitor the status to insure that recertifications are being done in a timely manor.

2005-3 Statement of Condition: Documentation to demonstrate that annual housing quality inspections had been performed could not be found in 17 tenant files.

JEFFERSON COUNTY, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended September 30, 2005

Schedule III – Federal Award Findings and Questioned Costs (cont.)

Findings (cont.):

Questioned
Costs

Criteria: The PHA must provide housing that is safe, decent and sanitary.

Effect of Condition: The cost of the assistance may be disallowed.

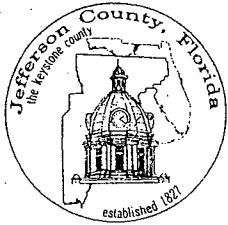
	<u>Number</u>	<u>Dollars</u>	
Population	123	\$680,929	
Sample	20	92,880	
Not in Compliance	17	76,332	
Questioned Costs			76,332

Cause of Condition: Procedures established for performing annual inspections were not being followed.

Recommendation: Established procedures should be followed and appropriate personnel should monitor the status to insure that inspections are being done in a timely manor.

Total Department of Housing and Urban Development

\$158,124



BOARD OF COUNTY COMMISSIONERS JEFFERSON COUNTY, FLORIDA

THE KEYSTONE COUNTY - ESTABLISHED 1827
ROOM 10, COUNTY COURTHOUSE, MONTICELLO, FLORIDA 32344

J.N. TUTEN
DISTRICT 1

GENE C. HALL
DISTRICT 2

JERRY SUTPHIN
DISTRICT 3

FELIX "SKEET" JOYNER
DISTRICT 4

DANNY MONROE, III
DISTRICT 5

CORRECTIVE ACTION PLAN

May 18, 2006

U. S. Department of Housing and Urban Development
Charles Bennett Federal Building
400 West Bay Street, Suite 1015
Jacksonville, Florida 32202-4410

Attn: Aisha Crawford

Dear Ms. Crawford:

Jefferson County respectfully submits the following corrective action plan for the year ended September 30, 2005

Name and address of independent public accounting firm: Betts, Rogers, Schenck & Jones, P. O. Box 1368, Tallahassee, Florida 32302.

Audit Period: October 1, 2004 through September 30, 2005.

The findings from the September 30, 2005 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS - FEDERAL AWARD PROGRAMS

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

2005-1: Section 8 Tenant Recertifications - The Board of County Commissioners has restructured the Grants Department in an effort to improve the general operations of the Department and provide better service to the clients. The restructuring includes employing a new Grants Director and contracting with a private consulting firm to assist in the implementation and monitoring of the various grants programs, including the Section 8 Housing Program.

71(a)

CARL D. BOATWRIGHT
CLERK OF THE CIRCUIT COURT

VOICE: 850-342-0218
FAX: 850-342-0222

T. BUCKINGHAM BIRD
COUNTY ATTORNEY

A work plan has been developed with a specific schedule to correct the non-compliance issue, with a target date of June 30, 2006, and to insure that there is no future non-compliance in this program

H.U.D. has been advised of the corrective plan and is being updated regularly on the progress of the plan.

The Grants Director will provide monthly progress reports to the Board of County Commissioners.

2005 - 2: State of Condition - The Grants Director and consulting firm have developed a work plan to complete tenant recertifications by June 30, 2006. The plan includes systematic recertifications in a timely manner to insure no future non-compliance in this area. The plan will be closely monitored by the Grants Director, who will provide monthly progress reports to the Board of County Commissioners.

2005 - 3: State of Condition - The Grants Director and consulting firm have developed a work plan to complete the required annual quality housing inspections by June 30, 2006, and a schedule to insure that future required inspections will be completed in a timely manner. The plan will be closely monitored by the Grants Director, who will provide monthly progress reports to the Board of County Commissioners.

If H.U.D. has questions regarding this plan, please call Carl D. "Dale" Boatwright, Clerk of the Circuit Court, at 850-342-0218, X232

Yours truly,



Danny Monroe, III, Chairman

DM/cdb

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

THE COUNTY OF JEFFERSON, FLORIDA

CLERK OF THE CIRCUIT COURT

SEPTEMBER 30, 2005

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

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FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

March 3, 2006

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, 2005 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, 2005, 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 March 3, 2006 on our consideration of the Clerk of the Circuit Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of our report on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



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

COMBINED BALANCE SHEET

September 30, 2005

	<u>GENERAL FUND</u>	<u>AGENCY FUNDS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
ASSETS			
Cash	\$ 412,002	\$ 390,299	\$ 802,301
Accounts receivable	-	-	-
Total assets	<u>\$ 412,002</u>	<u>\$ 390,299</u>	<u>\$ 802,301</u>
 LIABILITIES AND FUND BALANCES			
Liabilities			
Due to other governments	\$ 174,119	\$ 173,368	\$ 347,487
Due to others	237,883	237,883	237,883
Deposits held in escrow	-	216,931	216,931
Total liabilities	412,002	628,182	802,301
Fund balances	-	-	-
Total liabilities and fund balances	<u>\$ 412,002</u>	<u>\$ 628,182</u>	<u>\$ 802,301</u>

The accompanying notes are an integral part of this statement.

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

COMBINING BALANCE SHEET - ALL AGENCY FUNDS

September 30, 2005

	<u>SUSPENSE ACCOUNT</u>	<u>COURT REGISTRY</u>	<u>TAX REDEMPTION</u>	<u>CASH BONDS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
ASSETS					
Cash	\$ 237,546	\$ 52,328	\$ 82,965	\$ 17,460	\$ 390,299
Total assets	<u>\$ 237,546</u>	<u>\$ 52,328</u>	<u>\$ 82,965</u>	<u>\$ 17,460</u>	<u>\$ 390,299</u>
 LIABILITIES					
Liabilities					
Due to other governments	\$ 173,368	\$ -	\$ -	\$ -	\$ 173,368
Deposits held in escrow	64,178	52,328	82,965	17,460	216,931
Total liabilities	<u>\$ 237,546</u>	<u>\$ 52,328</u>	<u>\$ 82,965</u>	<u>\$ 17,460</u>	<u>\$ 390,299</u>

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

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

Year ended September 30, 2005

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues			
County appropriation	\$ 221,249	\$ 221,249	\$ -
Clerk's fees and other	388,280	808,224	419,944
Total revenues	609,529	1,029,473	419,944
Expenditures			
Salary of official	87,112	86,690	422
Other salaries and benefits	329,164	265,087	64,077
Operating expenses	54,950	52,004	2,946
Fees to COCC	129,403	449,783	(320,380)
Capital outlay	7,500	1,790	5,710
Total expenditures	608,129	855,354	(247,225)
Excess of revenues over expenditures	\$ 1,400	174,119	\$ 172,719
Fund balance - beginning of year		-	
Less: amount reverting to Board of County Commissioners		(174,119)	
Fund balance - end of year		\$ -	

The accompanying notes are an integral part of this statement.

The County of Jefferson, Florida
Clerk of the Circuit Court

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES

Year ended September 30, 2005

	AGENCY FUNDS				TOTALS (MEMORANDUM ONLY)
	SUSPENSE ACCOUNT	COURT REGISTRY	TAX REDEMPTION	CASH BONDS	
Receipts					
Court related fees	\$ 646,491	\$ -	\$ -	\$ -	\$ 646,491
Collection of fines	627,073	-	-	-	627,073
Documentary and surtax stamps	951,998	-	-	-	951,998
Fees for services	479,877	-	-	-	479,877
Intangible taxes	183,895	-	-	-	183,895
Individual and child support	1,458,996	-	-	-	1,458,996
Deposits received	-	45,385	113,061	44,376	202,822
Interest earned	4,771	348	-	-	5,119
Total receipts	<u>4,353,101</u>	<u>45,733</u>	<u>113,061</u>	<u>44,376</u>	<u>4,556,271</u>
Disbursements					
Court related fees	646,491	-	-	-	646,491
Disbursements of fines	542,144	-	-	-	542,144
Documentary and surtax stamps	951,998	-	-	-	951,998
Disbursements of fees	407,999	-	-	-	407,999
Disbursement of intangible taxes	183,895	-	-	-	183,895
Individual and child support	1,458,996	-	-	-	1,458,996
Deposits distributed	102,195	74,511	52,559	44,567	273,832
Total disbursements	<u>4,293,718</u>	<u>74,511</u>	<u>52,559</u>	<u>44,567</u>	<u>4,465,355</u>
Excess of receipts over (under) disbursements	59,383	(28,778)	60,502	(191)	90,916
Beginning cash balances	178,163	81,106	22,463	17,651	299,383
Ending cash balances	<u>\$ 237,546</u>	<u>\$ 52,328</u>	<u>\$ 82,965</u>	<u>\$ 17,460</u>	<u>\$ 390,299</u>

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

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, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

Governmental Fund:

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

Fiduciary Funds:

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

Measurement Focus

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

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

Basis of Accounting

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

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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

Budgetary Requirements

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

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

Fixed Assets

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

Memorandum Column

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

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

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, 2005, the carrying amount of the Jefferson County Clerk's deposits was \$842,645 and the bank balance was \$802,301. 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 \$299,114. The total payroll for the year ended September 30, 2005 was \$299,114.

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, 2005

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 7.83% of the compensation for regular members and 15.23% for elected officials. During the years ended September 30, 2005, 2004, and 2003, the Jefferson County Clerk of the Circuit Court contributed \$28,391, \$28,413 and \$23,616, 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, 2005

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

March 3, 2006

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, 2005, and have issued our report thereon dated March 3, 2006.

We have issued our Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated March 3, 2006. 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.

Butts, Royce, Schuch & Jones

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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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

March 3, 2006

**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, 2005, and have issued our report thereon dated March 3, 2006. 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 those specified.

Setta, Rogers, Schenk, & Jones

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

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

FOR THE YEAR ENDED SEPTEMBER 30, 2005

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 7, 2005

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

INDEPENDENT AUDITOR'S REPORT

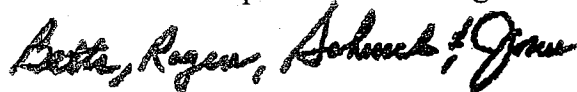
The Board of County Commissioners
and The Honorable Marty Bishop,
Supervisor of Elections
The County of Jefferson, Florida

We have audited the combined balance sheet of The County of Jefferson, Florida Supervisor of Elections, as of September 30, 2005 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, 2005, 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 7, 2005 on our consideration of The County of Jefferson, Florida Supervisor of Elections' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



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

COMBINED BALANCE SHEET

September 30, 2005

	<u>GENERAL FUND</u>	<u>AGENCY FUND (NOTE 2)</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
ASSETS			
Cash	\$ 78,419	\$ -	\$ 78,419
Due from others	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 78,419</u>	<u>\$ -</u>	<u>\$ 78,419</u>
 LIABILITIES AND FUND BALANCES			
Liabilities			
Due to other agencies	\$ 10,688	\$ -	\$ 10,688
Total liabilities	10,688	-	10,688
Fund balances	<u>67,731</u>	<u>-</u>	<u>67,731</u>
Total liabilities and fund balances	<u>\$ 78,419</u>	<u>\$ -</u>	<u>\$ 78,419</u>

The accompanying notes are an integral part of this statement.

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

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

Year ended September 30, 2005

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues			
County appropriation	\$ 193,820	\$ 193,820	\$ -
Interest earned	-	150	150
Voter Education grant		2,706	
Voting Systems Assistance grant	-	67,731	67,731
Total revenues	193,820	264,407	67,881
Expenditures			
Salary of official	73,203	71,234	1,969
Other salaries, benefits and taxes	44,367	42,892	1,475
Operating expenses	76,250	71,862	4,388
Capital outlay	-	-	-
Total expenditures	193,820	185,988	7,832
Excess of revenues over expenditures	\$ -	78,419	\$ 75,713
Fund balance - beginning of year		-	
Less: amount reverting to Board of County Commissioners		(10,688)	
Fund balance - end of year		\$ 67,731	

The accompanying notes are an integral part of this statement.

The County of Jefferson, Florida
Supervisor of Elections

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

Year ended September 30, 2005

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

The accompanying notes are an integral part of this statement.

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

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, 2005

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 appropriate 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, 2005

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, 2005

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, 2005, the carrying amount of the Jefferson County Supervisor's deposits was \$78,419 and the bank balance was \$99,130. 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 \$96,808. The total payroll for the year ended September 30, 2005 was \$96,808.

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

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 7.83% of the compensation for regular members and 15.23% for elected officials (effective rates at September 30, 2005). During the years ended September 30, 2005, 2004 and 2003, the Jefferson County Supervisor of Elections contributed \$12,770, \$12,457 and \$9,963, 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, 2005

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 7, 2005

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

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, 2005, and have issued our report thereon dated November 7, 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. 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 7, 2005. 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 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, Supervisor of Elections' financial management, accounting procedures, and internal control. Based on our audit, we have no recommendations for the current year.

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, Regan, Schuch & Jones

BEN F. BETTS, JR., C.P.A.
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BETTS, ROGERS, SCHENCK & JONES

CERTIFIED PUBLIC ACCOUNTANTS

PROFESSIONAL ASSOCIATION

November 7, 2005

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

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, 2005, and have issued our report thereon dated November 7, 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 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 parties.

Betts, Regen, Schuch & Jones

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

PROPERTY APPRAISER

THE COUNTY OF JEFFERSON, FLORIDA

FOR THE YEAR ENDED SEPTEMBER 30, 2005

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

November 8, 2005

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, 2005, 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, 2005, 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 8, 2005 on our consideration of The County of Jefferson, Florida Property Appraiser's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



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

COMBINED BALANCE SHEET

September 30, 2005

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

The accompanying notes are an integral part of this statement.

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

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

For the year ended September 30, 2005

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues			
County appropriation	\$ 390,625	\$ 390,625	\$ -
Interest earned	-	262	262
Other miscellaneous	-	405	405
Total revenues	<u>390,625</u>	<u>391,292</u>	<u>667</u>
Expenditures			
Salary of official	86,690	86,690	-
Other salaries and benefits	177,683	172,682	5,001
Operating expenses	114,252	103,595	10,657
Capital outlay	12,000	-	12,000
Non-Operating	-	-	-
Total expenditures	<u>390,625</u>	<u>362,967</u>	<u>27,658</u>
Excess of revenues over expenditures	<u>\$ -</u>	28,325	<u>\$ 28,325</u>
Fund balance - beginning of year		-	
Less: amount reverting to Board of County Commissioners		<u>(28,325)</u>	
Fund balance - end of year		<u>\$ -</u>	

The accompanying notes are an integral part of this statement.

The County of Jefferson, Florida
Property Appraiser

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

For the year ended September 30, 2005

	<u>AGENCY FUND</u>
Receipts	
Aerial print and map sales	\$ 5,262
Real property tag fees	19
Water Management District Commissions	<u>3,569</u>
Total receipts	<u>8,850</u>
Disbursements	
Board of County Commissioners	<u>8,850</u>
Excess of receipts over (under) disbursements	-
Beginning cash balance	<u>-</u>
Ending cash balance	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

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, 2005

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, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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

Budgetary Requirements

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

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

Fixed Assets

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

Memorandum Column

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

Encumbrances

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

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

NOTE 3 - CASH

Cash Deposits

At September 30, 2005, the carrying amount of the Jefferson County Property Appraiser's deposits was \$49,879 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 \$219,101. The total payroll for the year ended September 30, 2005 was \$219,101

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, 2005

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 7.83% of the compensation for regular members and 15.23% for elected officials. During the years ended September 30, 2005, 2004, and 2003, the Jefferson County Property Appraiser contributed \$23,231, \$22,337 and \$17,445, 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, 2005**

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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AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

November 8, 2005

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, 2005, and have issued our report thereon dated November 8, 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. 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, 2005. 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 in the preceding annual financial audit.

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 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, Property Appraiser's financial management, accounting procedures, and internal control. Based on our audit, we have no recommendations for the current year.

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.

A handwritten signature in black ink, appearing to read "Bette, Ragan, 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.
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, 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 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, 2005, and have issued our report thereon dated November 8, 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 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 parties.

A handwritten signature in black ink, appearing to read "Betty Ragan, Accountant General". The signature is written in a cursive, flowing style.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

TAX COLLECTOR

THE COUNTY OF JEFFERSON, FLORIDA

SEPTEMBER 30, 2005

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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AMERICAN INSTITUTE OF CERTIFIED
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FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

December 18, 2005

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, 2005, 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, 2005, 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 18, 2005 on our consideration of The County of Jefferson, Florida Tax Collector's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



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

COMBINED BALANCE SHEET

September 30, 2005

	<u>GENERAL FUND</u>	<u>AGENCY FUNDS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
ASSETS			
Cash	\$ 67,778	\$ 423,709	\$ 491,487
Due from Individuals	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 67,778</u>	<u>\$ 423,709</u>	<u>\$ 491,487</u>
 LIABILITIES AND FUND BALANCES			
Liabilities			
Due to other agencies	\$ 67,778	\$ 423,709	\$ 491,487
Deposits held in escrow	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	67,778	423,709	491,487
Fund balances			
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 67,778</u>	<u>\$ 423,709</u>	<u>\$ 491,487</u>

The accompanying notes are an integral part of this statement.

The County of Jefferson, Florida
Tax Collector

COMING BALANCE SHEET - ALL AGENCY FUNDS

September 30, 2005

	<u>TAX ACCOUNT</u>	<u>TAG ACCOUNT</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
ASSETS			
Cash	<u>\$ 270,341</u>	<u>\$ 153,368</u>	<u>\$ 423,709</u>
Total assets	<u>\$ 270,341</u>	<u>\$ 153,368</u>	<u>\$ 423,709</u>
LIABILITIES			
Liabilities			
Due to other agencies	<u>\$ 270,341</u>	<u>\$ 153,368</u>	<u>\$ 423,709</u>
Total liabilities	<u>\$ 270,341</u>	<u>\$ 153,368</u>	<u>\$ 423,709</u>

The accompanying notes are an integral part of this statement.

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

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

Year ended September 30, 2005

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues			
County appropriation	\$ 397,776	\$ 397,776	\$ -
Fees and other	-	30,137	30,137
Total revenues	397,776	427,913	30,137
Expenditures			
Personal services	260,000	255,410	4,590
Operating expenses	105,000	104,725	275
Capital outlay	32,776	-	32,776
Total expenditures	397,776	360,135	37,641
Excess of revenues over expenditures	\$ -	67,778	\$ 67,778
Fund balance - beginning of year		-	
Less: amount reverting to Board of County Commissioners		(67,778)	
Fund balance - end of year		\$ -	

The accompanying notes are an integral part of this statement.

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

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

Year ended September 30, 2005

	AGENCY FUNDS		TOTALS (MEMORANDUM ONLY)
	TAX ACCOUNT	TAG ACCOUNT	
Receipts			
Real and personal property taxes	\$ 8,342,724	\$ -	\$ 8,342,724
Special assessments	3,905	-	3,905
Tax certificates redeemed	1,139,134	-	1,139,134
Other	48,168	9,487	57,655
Motor vehicle tags and titles	-	2,298,236	2,298,236
Sales tax	-	1,852,404	1,852,404
Hunting and fishing licenses	-	32,675	32,675
Driver licenses	-	90,143	90,143
Interest	-	44	44
Fees	-	245,866	245,866
Total receipts	<u>9,533,931</u>	<u>4,528,855</u>	<u>14,062,786</u>
Disbursements			
Disbursement of real and personal property taxes	8,818,839	-	8,818,839
State of Florida	-	4,189,600	4,189,600
Proceeds - tax certificates redeemed	647,325	-	647,325
Other	16,175	-	16,175
Fees reverting to Board of County Commissioners	-	251,264	251,264
Total disbursements	<u>9,482,339</u>	<u>4,440,864</u>	<u>13,923,203</u>
Excess of receipts over (under) disbursements	51,592	87,991	139,583
Beginning cash balances	<u>218,749</u>	<u>65,377</u>	<u>284,126</u>
Ending cash balances	<u>\$ 270,341</u>	<u>\$ 153,368</u>	<u>\$ 423,709</u>

The accompanying notes are an integral part of this statement.

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

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, 2005

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, 2005

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, 2005

NOTE 3 - CASH

Cash Deposits

At September 30, 2005 the carrying amount of the Jefferson County Tax Collector's deposits was \$491,487 and the bank balance was \$424,905. 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 \$212,811. The total payroll for the year ended September 30, 2005 was \$215,314.

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.

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

THE COUNTY OF JEFFERSON, FLORIDA

TAX COLLECTOR

SEPTEMBER 30, 2005

December 18, 2005

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, 2005, and have issued our report thereon dated December 18, 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. 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 18, 2005. 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 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, Tax Collector's financial management, accounting procedures, and internal control. Based on our audit, we have no recommendations for the current year.

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.

Betts, Regen, Schuch & Jones

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

December 18, 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 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, 2005, and have issued our report thereon dated December 18, 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 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.

Handwritten signature in cursive script, appearing to read "Betty Regen, Schuch, & Jones".

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

**THE COUNTY OF JEFFERSON, FLORIDA
SHERIFF**

SEPTEMBER 30, 2005

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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FLORIDA INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

December 29, 2005

INDEPENDENT AUDITOR'S REPORT

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

We have audited the combined balance sheet of The County of Jefferson, Florida Sheriff, as of September 30, 2005, 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, 2005, 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 29, 2005 on our consideration of The County of Jefferson, Florida Sheriff's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



**The County of Jefferson, Florida
Sheriff**

COMBINED BALANCE SHEET

September 30, 2005

	<u>GENERAL FUND</u>	<u>AGENCY FUNDS</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
ASSETS			
Cash	\$ 33,751	\$ 106,576	\$ 140,327
Due from other agencies	<u>9,313</u>	<u>-</u>	<u>9,313</u>
Total assets	<u>\$ 43,064</u>	<u>\$ 106,576</u>	<u>\$ 149,640</u>
 LIABILITIES AND FUND BALANCES			
Liabilities			
Deposits held in escrow	\$ -	\$ 106,576	\$ 106,576
Due to other agencies	<u>43,064</u>	<u>-</u>	<u>43,064</u>
Total liabilities	<u>\$ 43,064</u>	<u>\$ 106,576</u>	<u>\$ 149,640</u>

The accompanying notes are an integral part of this statement.

**The County of Jefferson, Florida
Sheriff**

COMING BALANCE SHEET - ALL AGENCY FUNDS

September 30, 2005

	<u>INDIVIDUAL DEPOSITORS</u>	<u>PRISONERS WELFARE</u>	<u>COMMISSARY</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
ASSETS				
Cash	\$ -	\$ 101,270	\$ 5,306	\$ 106,576
Total assets	<u>\$ -</u>	<u>\$ 101,270</u>	<u>\$ 5,306</u>	<u>\$ 106,576</u>
 LIABILITIES				
Liabilities				
Deposits held in escrow	\$ -	\$ 101,270	\$ 5,306	\$ 106,576
Total liabilities	<u>\$ -</u>	<u>\$ 101,270</u>	<u>\$ 5,306</u>	<u>\$ 106,576</u>

The accompanying notes are an integral part of this statement.

**The County of Jefferson, Florida
Sheriff**

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

Year ended September 30, 2005

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues			
County appropriation	\$ 2,226,334	\$ 2,226,334	\$ -
Interest earned	-	2,121	2,121
Total revenues	2,226,334	2,228,455	2,121
Expenditures			
Personal services	1,834,834	1,743,994	90,840
Operating expenses	356,500	463,937	(107,437)
Capital outlay	35,000	18,386	16,614
Total expenditures	2,226,334	2,226,317	17
Excess of revenues over expenditures	\$ -	2,138	\$ 2,138
Fund balance - beginning of year		-	
Less: amount reverting to Board of County Commissioners		(2,138)	
Fund balance - end of year		\$ -	

The accompanying notes are an integral part of this statement.

**The County of Jefferson, Florida
Sheriff**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

For the year ended September 30, 2005

AGENCY FUNDS

	INDIVIDUAL DEPOSITORS	PRISONERS WELFARE	COMMISSARY	TOTALS (MEMORANDUM ONLY)
Receipts				
Deposits received	\$ 12,130	\$ 31,359	\$ 46,626	\$ 90,115
Interest	-	659	-	659
Total receipts	<u>12,130</u>	<u>32,018</u>	<u>46,626</u>	<u>90,774</u>
Disbursements				
Disbursed to:				
Board of County Commissioners	12,492	-	-	12,492
Clerk of the Circuit Court	-	-	-	-
Others	495	14,339	46,468	61,302
Total disbursements	<u>12,987</u>	<u>14,339</u>	<u>46,468</u>	<u>73,794</u>
Excess of receipts over (under) disbursements	(857)	17,679	158	16,980
Beginning cash balances	<u>857</u>	<u>83,591</u>	<u>5,148</u>	<u>89,596</u>
Ending cash balances	<u>\$ -</u>	<u>\$ 101,270</u>	<u>\$ 5,306</u>	<u>\$ 106,576</u>

The accompanying notes are an integral part of this statement.

**The County of Jefferson, Florida
Sheriff**

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

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, 2005

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, 2005

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, 2005

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, 2005, the carrying amount of the Jefferson County Sheriff's deposits was \$140,327 and the bank balance was \$227,389. 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 \$1,387,448. The total payroll for the year ended September 30, 2005 was \$1,387,448.

**The County of Jefferson, Florida
Sheriff**

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

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 7.83% of the compensation for regular members, 18.53% for special risk employees, and 15.23% for elected officials. During the year ended September 30, 2005, 2004, and 2003 the Jefferson County Sheriff contributed \$211,080, \$177,298, and \$159,624, 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, 2005

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

December 29, 2005

MANAGEMENT LETTER

Honorable David C. Hobbs
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, 2005, and have issued our report thereon dated December 29, 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 December 29, 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 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.



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PUBLIC ACCOUNTANTS

December 29, 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 David C. Hobbs
Sheriff
Jefferson County, Florida

We have audited the combined financial statements of governmental activities, each major fund, and the aggregate remaining fund information of the Sheriff of Jefferson County, Florida, as of and for the year ended September 30, 2005, and have issued our report thereon dated December 29, 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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sheriff of Jefferson County, Florida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

A handwritten signature in black ink, appearing to read "Betty, Rayen, Schuch, Gene". The signature is written in a cursive, somewhat stylized font.