

Jefferson County, Florida

Financial Statements

September 30, 2010

**Jefferson County, Florida
FINANCIAL STATEMENTS
September 30, 2010**

BOARD OF COUNTY COMMISSIONERS

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

Jefferson County, Florida
Table of Contents
September 30, 2010

Independent Auditors' Report	1-2
Management's Discussion and Analysis	3.1-3.6
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	4
Statement of Activities	5
Fund Financial Statements	
Balance Sheet - Governmental Funds	6
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	7
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund - Budget and Actual	10
Statement of Revenues, Expenditures, and Changes in Fund Balance - Transportation Fund - Budget and Actual	11
Statement of Revenues, Expenditures, and Changes in Fund Balance - Fine and Forfeiture Fund - Budget and Actual	12
Statement of Revenues, Expenditures, and Changes in Fund Balance - Landfill Fund - Budget and Actual	13
Statement of Fiduciary Net Assets - Agency Funds	14
Notes to Financial Statements	15-32

Jefferson County, Florida
Table of Contents
September 30, 2010

Supplementary Information

Combining Balance Sheet - Nonmajor Governmental Funds	33-34
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	35-36
Combining Statement of Fiduciary Net Assets - Agency Funds	37
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	38-39
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Award Program and State Financial Assistance Project and Internal Control Over Compliance In Accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General	40-41
Schedule of Expenditures of Federal Awards and State Financial Assistance	42-43
Notes to Schedule of Expenditures of Federal Award Programs and State Financial Assistance Projects	44
Schedule of Findings and Questioned Costs	45-46
Summary Schedule of Prior Audit Findings	47-50
Independent Auditors' Management Letter Comments	51-53
Management's Response	54

Special-Purpose Financial Statements

Clerk of the Circuit Court
Property Appraiser
Sheriff
Supervisor of Elections
Tax Collector



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information and fiduciary fund type of Jefferson County, Florida as of and for the year ended September 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility 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 basic 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 the 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, the aggregate remaining fund information, and fiduciary fund type of Jefferson County, Florida as of September 30, 2010, and the respective changes in financial position and cash flow, where applicable, thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 16, 2011, on our consideration of Jefferson County, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

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

Management's discussion and analysis on pages 3.1-3.8 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Carly Riggs & Ingram, L.L.C.

February 16, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Jefferson County's financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2010. It should be read in conjunction with the County's financial statements, which begin on page 4.

FINANCIAL HIGHLIGHTS

- The County's net assets increased as a result of this year's operations. Net assets of our governmental activities increased by \$1,044,073, or 8%. The County does not have any business-type activities.
- During the year, the County generated tax and other revenues of \$1,044,073 more than the \$21.823 million of its governmental program expenses. For comparison, last year revenues exceeded expenses by \$2,273,761.
- The total cost of the County's programs decreased by \$2.161 million from the preceding year (a drop of 9%).
- The general fund reported an increase of \$1,221,558 including net transfers of \$1,699,905 from other funds.
- The resources available for appropriation were \$356,357 higher than budgeted for 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 4 and 5) provide information about the activities of the County as a whole and present a longer-term view of the County's finances. These statements reflect the County as a whole and are deemed government-wide financial statements. The Fund financial statements start on page 6. 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.

Jefferson County, Florida Management's Discussion and Analysis

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

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

Reporting on the County's Most Significant Funds

The fund financial statements begin on page 6 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.

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

THE COUNTY AS A WHOLE

The County's net assets increased by \$1,044,073 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>9/30/2010</u>	<u>9/30/2009</u>
Cash and other assets	\$ 9,882,045	\$ 11,152,535
Capital assets - net	<u>8,994,350</u>	<u>8,257,485</u>
Total assets	<u>18,876,395</u>	<u>19,410,020</u>
Long-term debt outstanding	4,187,090	4,361,739
Other liabilities	<u>1,038,284</u>	<u>2,441,333</u>
Total liabilities	<u>5,225,374</u>	<u>6,803,072</u>
 Net assets:		
Invested in capital assets, net of debt	6,527,288	5,732,386
Restricted	1,448,890	2,092,405
Unrestricted	<u>5,674,843</u>	<u>4,782,157</u>
Total net assets	<u>\$ 13,651,021</u>	<u>\$ 12,606,948</u>

Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased by \$892,686 (or 18.67%) over the prior year. Restricted net assets decreased by \$643,515 (or 30.75%) from the prior year.

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

THE COUNTY AS A WHOLE (CONTINUED)

**Table 2
Changes in Net Assets**

	Governmental Activities	
	<u>9/30/2010</u>	<u>9/30/2009</u>
Revenues		
Program revenues:		
Charges for services	\$ 1,646,854	\$ 2,762,512
Federal and state grants	7,424,509	9,849,597
General revenues:		
Property and other taxes	10,255,736	9,456,432
Intergovernmental revenues	-	275,665
Other general revenues	2,406,050	2,237,670
Total revenues	<u>21,733,149</u>	<u>24,581,876</u>
Program expenses:		
General government	3,817,911	3,699,730
Transportation	7,843,927	8,560,615
Public safety and judiciary	6,210,901	6,902,764
Health and sanitation	1,302,650	1,464,546
Economic development	981,290	1,084,679
Culture and recreation	367,495	420,825
Interest on long-term debt	164,902	174,956
Total program expenses	<u>20,689,076</u>	<u>22,308,115</u>
Increase (decrease) in net assets	<u>\$ 1,044,073</u>	<u>\$ 2,273,761</u>

The County's total revenue decreased by 11.59%, or \$2,848,727 during the year while total expenses decreased by 7.26%, or \$1,619,039. The county experienced a drop in the amount of grants it accepted and in charges for services. Tax revenues increased from the prior year.

THE COUNTY'S FUNDS

The County's governmental funds (as presented in the balance sheet on page 6) reported a *combined* fund balance of \$8.843 million, which is an increase of \$132,559 over the prior year. Included in this year's total change in fund balance is an increase of \$1,221,558 in the County's general fund balance. The general fund had an excess of expenditures over revenues of \$478,347 and net transfers from other funds of \$1,699,905 resulting in the increase in fund balance noted above. In addition, these other changes in fund balances should be noted:

- The fine and forfeiture fund incurred an excess of revenues over expenditures of \$760,922 and had transfers to other funds of \$918,648 resulting in an decrease in fund balance of \$157,726.

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

- The transportation trust fund incurred a deficit of expenditures over revenues of \$1,050,737 and net other financing sources of \$1,252,795 resulting in an increase in fund balance of \$202,058.

General Fund Budgetary Highlights

The County Commission revised the County budget several times throughout the fiscal year. These budget amendments are required to properly reflect unanticipated revenues and unforeseen events that happen during every fiscal year. After considering these amendments, the general fund actual revenues exceeded the final budget by \$356,357.

Operating expenditures were less than appropriations primarily in the areas of the general County operations, public health and safety, and Human services.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The County had \$8.994 million, net of depreciation, invested in a broad range of capital assets, including land, buildings, roads, bridges, park facilities and equipment. This represents a net increase (including additions and deletions) of \$736,865 over last year. Table 3 below details the composition of these assets.

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

	Governmental Activities	
	<u>9/30/2010</u>	<u>9/30/2009</u>
Land	\$ 1,321,507	\$ 1,317,467
Buildings & Improvements	5,417,014	5,354,575
Equipment	2,255,829	1,585,443
Infrastructure	<u>-</u>	<u>-</u>
 Totals	 <u>\$ 8,994,350</u>	 <u>\$ 8,257,485</u>

Major additions for the year were a Mobile Health Unit, ambulance and heavy equipment. Infrastructure includes all the County roads and bridges which are fully depreciated. Major deletions were disposition of land, buildings and equipment.

Debt

The County had various installment purchase obligations of \$375,062 and Revenue Bonds of \$2,092,000 outstanding at the end of the 2010 fiscal year, a decrease of \$58,037, as shown in Table 4.

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

Debt (Continued)

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

	Governmental Activities	
	<u>9/30/2010</u>	<u>9/30/2009</u>
Installment obligations	\$ 375,062	\$ 270,099
Revenue bond	<u>2,092,000</u>	<u>2,255,000</u>
 Totals	 <u>\$ 2,467,062</u>	 <u>\$ 2,525,099</u>

Items of equipment have been bought in the current year and prior years under various installment equipment obligations bearing interest at 5.5% to 13.00% per annum. These obligations require monthly and annual installments of varying amounts through June 1, 2015. 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 2011 budget to include assessed values, tax rates and charges for services. One of those factors is the economy. Jefferson County is not a fast growing County compared to other metropolitan areas of the State, however, the County does continue to enjoy growth in its population and offers its citizens a relaxed form of lifestyle when compared to other, more populous surrounding areas.

It is expected that the assessed value of property within the County will be decreased for 2011; however the millage rate will probably remain the same. The assessments for fire and landfill will probably be adjusted for some increase which will produce more revenue to offset increased costs in these areas. The decrease in assessed value of property will generate less in ad valorem taxes for the 2011 budget year.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Jefferson County, Florida
Statement of Net Assets

September 30, 2010

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 5,323,230
Restricted cash and cash equivalents	559,473
Accounts receivable	916,003
Due from other governmental units	2,995,141
Inventory	88,198
Capital assets, net	
Nondepreciable capital assets	1,321,507
Depreciable capital assets, net	7,672,843
Total assets	18,876,395
Liabilities	
Accounts payable and accrued expenses	912,901
Due to other agency	9,073
Due to other governmental units	1,274
Deferred revenue	115,036
Long-term liabilities	
Portion due or payable within one year	
Capital lease obligations	84,727
Public improvement revenue bonds payable	170,000
Landfill closure and post-closure costs	114,905
Portion due or payable after one year	
Capital lease obligations	290,335
Public improvement revenue bonds payable	1,922,000
Compensated absences	341,172
Landfill closure and post-closure costs	1,263,951
Total liabilities	5,225,374
Net assets	
Invested in capital assets, net of related debt	6,527,288
Restricted for	
Tourist development	50,460
Impact fees	77,829
Landfill escrow	127,934
Law enforcement	864,700
Inventories	88,198
Debt service	239,769
Unrestricted	5,674,843
Total net assets	\$ 13,651,021

See accompanying notes to financial statements.

Jefferson County, Florida
Statement of Activities

For the year ended September 30, 2010

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets				
	Program Revenues			Primary Government	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary government					
Governmental activities					
General government	\$ 3,386,766	\$ 1,298,408	\$ 48,842	\$ (2,039,516)	\$ (2,039,516)
Public safety	5,069,580	341,372	480,894	(3,867,896)	(3,867,896)
Fire safety	613,258	-	-	(613,258)	(613,258)
Physical environment	154,054	-	-	(154,054)	(154,054)
Health and sanitation	1,302,650	7,074	144,260	(1,151,316)	(1,151,316)
Transportation	7,843,927	-	5,185,878	(2,658,049)	(2,658,049)
Economic development	981,290	-	831,120	(150,170)	(150,170)
Human services	200,246	-	-	(12,642)	(12,642)
Culture and recreation	367,495	-	107,307	(260,188)	(260,188)
Agriculture	230,899	-	-	(230,899)	(230,899)
Court related	374,009	-	-	(374,009)	(374,009)
Interest on long-term debt	164,902	-	-	(164,902)	(164,902)
Total primary government	20,689,076	1,646,854	6,798,301	(11,676,899)	(11,676,899)
General revenues					
Taxes					
Property taxes				5,181,204	5,181,204
Local option taxes				797,568	797,568
Sales tax, other taxes and shared revenue				4,276,964	4,276,964
Investment earnings				21,527	21,527
Miscellaneous				2,443,709	2,443,709
Total general revenues				12,720,972	12,720,972
Change in net assets				1,044,073	1,044,073
Net assets, beginning				12,606,948	12,606,948
Net assets, ending				\$ 13,651,021	\$ 13,651,021

See accompanying notes to financial statements.

Jefferson County, Florida
Balance Sheet
Governmental Funds

September 30, 2010

	General Fund	Transportation	Fine and Forfeiture Fund	Landfill	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 4,063,145	\$ 190,222	\$ 443,651	\$ 37,445	\$ 588,767	\$ 5,323,230
Restricted cash and cash equivalents	256,223	-	-	-	303,250	559,473
Accounts receivable	916,003	-	-	-	-	916,003
Due from other funds	-	-	912,399	1,285,654	2,377,298	4,575,351
Due from other governmental units	1,686,074	1,041,665	79,186	163,706	24,510	2,995,141
Loan to other fund	154,838	-	-	-	-	154,838
Inventory	-	88,198	-	-	-	88,198
Total assets	\$ 7,076,283	\$ 1,320,085	\$ 1,435,236	\$ 1,486,805	\$ 3,293,825	\$ 14,612,234
Liabilities						
Accounts payable and accrued expenses	\$ 217,261	\$ 576,399	\$ 53,162	\$ 56,419	\$ 9,660	\$ 912,901
Due to other funds	4,084,230	427,640	-	-	63,481	4,575,351
Due to other governmental units	1,274	-	-	-	-	1,274
Due to other agency	9,073	-	-	-	-	9,073
Loan from other fund	-	-	-	-	154,838	154,838
Deferred revenue	23,144	-	-	-	91,892	115,036
Total liabilities	4,334,982	1,004,039	53,162	56,419	319,871	5,768,473
Fund balances						
Reserved for:						
Tourist development	50,460	-	-	-	-	50,460
Impact fees	77,829	-	-	-	-	77,829
Landfill escrow	127,934	-	-	-	-	127,934
Law enforcement	-	-	864,700	-	-	864,700
Inventories	-	88,198	-	-	-	88,198
Debt service	-	-	-	-	239,769	239,769
Unreserved, reported in:						
General fund	2,485,078	-	-	-	-	2,485,078
Special revenue funds	-	227,848	517,374	1,430,386	2,734,185	4,909,793
Total fund balances	2,741,301	316,046	1,382,074	1,430,386	2,973,954	8,843,761
Total liabilities and fund balances	\$ 7,076,283	\$ 1,320,085	\$ 1,435,236	\$ 1,486,805	\$ 3,293,825	\$ 14,612,234

See accompanying notes to financial statements.

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

September 30, 2010

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

Total fund balances – governmental funds	\$ 8,843,761
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the governmental funds.	8,994,350
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the governmental funds.	(4,187,090)
<u>Net assets of governmental activities</u>	<u>\$ 13,651,021</u>

See accompanying notes to financial statements.

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

For the year ended September 30, 2010

	General Fund	Transportation	Fine and Forfeiture Fund	Landfill	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 4,314,703	\$ 1,573,150	\$ 919,985	\$ -	\$ 1,006,659	\$ 7,814,497
Licenses and permits	139,825	-	-	-	-	139,825
Intergovernmental	4,671,112	3,443,921	542,377	116,960	1,032,192	9,806,562
Charges for services	1,298,408	-	17,142	7,074	-	1,322,624
Fines and forfeitures	-	-	184,405	-	-	184,405
Investment earnings	15,800	1,797	2,799	336	795	21,527
Other fees and miscellaneous revenues	152,840	52,295	-	1,609,341	638,842	2,453,318
Total revenues	10,982,688	5,071,163	1,666,708	1,733,711	2,678,488	21,742,758
Expenditures						
Current:						
General government	2,874,038	3,696	-	-	-	2,877,734
Public health and safety	4,381,240	-	330,944	-	63,667	4,775,851
Fire safety	-	-	-	-	587,380	587,380
Physical environment	50,209	-	-	-	-	50,209
Health and sanitation	-	-	-	1,402,763	-	1,402,763
Transportation	2,094,639	5,599,322	-	-	-	7,693,961
Economic development	19,550	-	-	-	961,740	981,290
Human services	200,246	-	-	-	-	200,246
Culture and recreation	354,517	-	-	-	-	354,517
Agriculture	220,156	-	-	-	-	220,156
Court related	374,009	-	-	-	-	374,009
Capital outlay	502,431	410,396	574,842	99,008	27,467	1,614,144
Debt service	-	94,208	-	-	431,764	525,972
Principal	-	14,278	-	-	150,624	164,902
Interest and other charges	-	-	-	-	-	-
Total expenditures	11,071,035	6,121,900	905,786	1,501,771	2,222,642	21,823,134
Excess (deficiency) of revenues over (under) expenditures	(478,347)	(1,050,737)	760,922	231,940	455,846	(80,376)
Other financing sources (uses)						
Transfers in	5,397,328	1,039,860	2,393,088	-	254,475	9,094,751
Transfers out	(3,697,423)	-	(3,311,736)	-	(2,085,592)	(9,094,751)
Capital lease obligations proceeds	-	212,935	-	-	-	212,935
Net other financing sources (uses)	1,699,905	1,252,795	(918,648)	-	(1,821,117)	212,935
Net changes in fund balances	1,221,588	202,058	(157,726)	231,940	(1,365,271)	132,559
Fund balances - beginning	1,519,743	113,988	1,539,800	1,198,446	4,339,225	8,711,202
Fund balances - ending	\$ 2,741,301	\$ 316,046	\$ 1,382,074	\$ 1,430,386	\$ 2,973,954	\$ 8,843,761

See accompanying notes to financial statements.

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

For the year ended September 30, 2010

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

Net change in fund balances - total governmental funds	\$ 132,559
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of activities.	1,614,144
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.	(867,670)
The net effect of transactions involving capital assets (i.e. sales, transfers and donations) included in the governmental activities in the statement of activities.	(9,609)
Repayment of long-term debt is reported as an expenditure in governmental funds but as a reduction of long-term liabilities in the statement of net assets.	270,972
The issuance of long-term debt (notes payable) provides current financial resources to governmental funds, while it has no effect on the statement of activities.	(212,935)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These expenses include:	
Long-term landfill closure and post-closure liability	100,113
Compensated absences	16,499
Change in net assets of governmental activities	\$ 1,044,073

See accompanying notes to financial statements.

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

For the year ended September 30, 2010

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	\$ 3,908,734	\$ 3,908,734	\$ 4,314,703	\$ 405,969
Licenses and permits	173,500	173,500	139,825	(33,675)
Intergovernmental	3,034,092	4,776,106	4,671,112	(104,994)
Charges for services	1,266,855	1,266,855	1,288,284	21,429
Investment earnings	40,000	40,000	15,764	(24,236)
Other fees and miscellaneous revenues	51,000	51,000	142,864	91,864
Total revenues	8,474,181	10,216,195	10,572,552	356,357
Expenditures				
Current:				
General government	3,663,438	2,934,824	2,863,878	70,946
Public health and safety	4,520,171	4,520,171	4,371,264	148,907
Physical environment	54,600	54,600	50,209	4,391
Transportation	-	2,094,164	2,094,639	(475)
Economic environment	20,700	20,700	19,550	1,150
Human services	262,533	262,533	200,246	62,287
Culture and recreation	359,533	359,533	354,517	5,016
Agriculture	248,497	248,497	220,156	28,341
Court related	399,441	399,441	374,009	25,432
Capital outlay	143,395	147,895	502,431	(354,536)
Reserve for contingencies	75,000	-	-	-
Total expenditures	9,747,308	11,042,358	11,050,899	(8,541)
Excess (deficiency) of revenues over (under) expenditures	(1,273,127)	(826,163)	(478,347)	347,816
Other financing sources (uses)				
Transfers in	3,950,262	5,397,331	5,397,328	(3)
Transfers out	(3,194,360)	(3,697,400)	(3,697,423)	(23)
Net other financing sources (uses)	755,902	1,699,931	1,699,905	(26)
Net change in fund balance	(517,225)	873,768	1,221,558	347,790
Fund balance - beginning	1,519,743	1,519,743	1,519,743	-
Fund balance - ending	\$ 1,002,518	\$ 2,393,511	\$ 2,741,301	\$ 347,790

See accompanying notes to financial statements.

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

For the year ended September 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	\$ 1,518,880	\$ 1,518,880	\$ 1,573,150	\$ 54,270
Intergovernmental	1,742,400	1,742,400	3,443,921	1,701,521
Investment earnings	-	-	1,797	1,797
Other fees and miscellaneous revenues	-	-	52,295	52,295
Total revenues	3,261,280	3,261,280	5,071,163	1,809,883
Expenditures				
Current:				
General government	-	-	3,696	(3,696)
Transportation	3,603,300	3,650,300	5,599,322	(1,949,022)
Capital outlay	197,840	430,000	410,396	19,604
Debt service				
Principal	-	20,000	94,208	(74,208)
Interest and other charges	-	3,000	14,278	(11,278)
Total expenditures	3,801,140	4,103,300	6,121,900	(2,018,600)
Excess (deficiency) of revenues over (under) expenditures	(539,860)	(842,020)	(1,050,737)	(208,717)
Other financing sources (uses)				
Transfers in	539,860	1,039,860	1,039,860	-
Capital lease obligations proceeds	-	-	212,935	212,935
Net other financing sources (uses)	539,860	1,039,860	1,252,795	212,935
Net change in fund balance	-	197,840	202,058	4,218
Fund balance - beginning	113,988	113,988	113,988	-
Fund balance - ending	\$ 113,988	\$ 311,828	\$ 316,046	\$ 4,218

See accompanying notes to financial statements.

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

For the year ended September 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	\$ 969,683	\$ 969,683	\$ 919,985	\$ (49,698)
Intergovernmental	131,457	131,457	542,377	410,920
Charges for services	13,000	13,000	17,142	4,142
Fines and forfeitures	164,000	164,000	184,405	20,405
Investment earnings	-	-	2,799	2,799
Total revenues	1,278,140	1,278,140	1,666,708	388,568
Expenditures				
Current:				
Public health and safety	230,582	230,582	330,944	(100,362)
Capital outlay	365,000	365,000	574,842	(209,842)
Total expenditures	595,582	595,582	905,786	(310,204)
Excess (deficiency) of revenues over (under) expenditures	682,558	682,558	760,922	78,364
Other financing sources (uses)				
Transfers in	2,393,088	2,393,088	2,393,088	-
Transfers out	(3,311,739)	(3,311,739)	(3,311,736)	3
Capital lease obligations proceeds	-	-	-	-
Net other financing sources (uses)	(918,651)	(918,651)	(918,648)	3
Net change in fund balance	(236,093)	(236,093)	(157,726)	78,367
Fund balance - beginning	1,539,800	1,539,800	1,539,800	-
Fund balance - ending	\$ 1,303,707	\$ 1,303,707	\$ 1,382,074	\$ 78,367

See accompanying notes to financial statements.

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

For the year ended September 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 127,787	\$ 127,787	\$ 116,960	\$ (10,827)
Charges for services	10,000	10,000	7,074	(2,926)
Investment earnings	-	-	336	336
Other fees and miscellaneous revenues	1,571,967	1,571,967	1,609,341	37,374
Total revenues	1,709,754	1,709,754	1,733,711	23,957
Expenditures				
Current:				
Health and sanitation	1,625,017	1,625,017	1,402,763	222,254
Capital outlay	100,000	100,000	99,008	992
Total expenditures	1,725,017	1,725,017	1,501,771	223,246
Excess (deficiency) of revenues over (under) expenditures	(15,263)	(15,263)	231,940	247,203
Net change in fund balance	(15,263)	(15,263)	231,940	247,203
Fund balance - beginning	1,198,446	1,198,446	1,198,446	-
Fund balance - ending	\$ 1,183,183	\$ 1,183,183	\$ 1,430,386	\$ 247,203

See accompanying notes to financial statements.

Jefferson County, Florida
Statement of Fiduciary Net Assets
Agency Funds

September 30, 2010

	Agency Funds
<hr/>	
Assets	
Cash and cash equivalents	\$ 1,685,454
<hr/>	
Total assets	\$ 1,685,454
<hr/> <hr/>	
Liabilities	
Due to other governments	\$ 1,100,023
Due to others	585,431
<hr/>	
Total liabilities	\$ 1,685,454
<hr/> <hr/>	

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Reporting Entity

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

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

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

Fund Financial Statements

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

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

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

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 & Forfeiture Fund- the Fine & Forfeiture Fund is a special revenue fund used to account for Court ordered fines, forfeited property and other items that are restricted for law enforcement and other specific purposes.

Landfill Fund- the Landfill fund is a special revenue fund used to account for the revenues assessed annually for the operation of the County landfill and refuse operations within the County.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The County also reports the following fund type:

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

Measurement Focus and Basis of Accounting

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

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

Budgets and Budgetary Accounting

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Cash and Cash Equivalents

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

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

Investments

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

Interfund Balances

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

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

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

Due to Others

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

Deferred Revenues

Deferred revenues reported in governmental fund financial statements represent unearned revenues or revenues which are measurable but not available, and in accordance with the modified accrual basis of accounting, are reported as deferred revenues.

Accumulated Compensated Absences

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long Term Debt

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

Reserves and Designations of Fund Equity

Reserves indicate that portion of fund balance or net assets that are not available for appropriation or which are legally segregated for a specific future use. The description of each reserve indicates the purpose for which each was intended. Designated portions of fund equity represent management's tentative future spending plans. Such designations should be clearly distinguished from reserves, since managerial plans are subject to change and may never be legally authorized or result in actual expenditures.

Encumbrances

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

Management Estimates and Assumptions

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

The County has evaluated subsequent events through the date of the auditors' report.

NOTE 2 - PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Property Appraiser and Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. Florida Statutes permit counties to levy property taxes at a rate of up to 10 mills for general operations. The 2010 millage rate assessed by the County was 8.3226 mills.

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

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

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

NOTE 2 - PROPERTY TAXES (CONTINUED)

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

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS

At year end, the carrying amount of the County's deposits was \$7,262,264 and the bank balance was \$8,238,507. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

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

The County invested funds in the Florida State Board of Administration Local Governments Surplus Funds Investment Pool. At September 30, 2010, the market value and the carrying value of these funds was \$457,999. The funds are carried as a cash equivalent on the balance sheet at September 30, 2010 (See Note 1 for definition of cash equivalents) and are included in carrying value and bank balance in the first paragraph of this note.

As a Florida PRIME participant, the County invests in a pool of investments whereby the County owns a share of the respective pool, not the underlying securities. The State Board of Administration's interpretation of GASB 31 is that the Florida PRIME is currently considered a Securities and Exchange Commission Rule 2a7-like fund, as of September 30, 2010. These investments are reported at fair value, which is amortized cost.

The State Board of Administration's interpretation in regards to the County's investments in Fund B is that it does not meet the requirement of a SEC 2a-7-like fund; therefore, State Board of Administration is providing a Fair Value factor (i.e. total net asset value of Fund B divided by total participant balances of Fund B) for September 30, 2010. The Fair Value factor for Fund B for September 30, 2010, is .0707058094.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

As of September 30, 2010, the County had \$442,097 and \$15,902 invested in Florida PRIME and B, respectively. Additional information and investment policies regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration at www.sbafla.com/prime.

Credit Risk

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

As of September 30, 2010, the County's investment in the Florida PRIME is rated by Standard and Poors and the current rating is AAAM. The Fund B Surplus Funds Trust Fund is not rated by any nationally recognized statistical rating agency.

Interest Rate Risk

The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2010, is 52 days. Next interest rate reset for floating rate securities are used in the calculation of the WAM. Due to the nature of the securities in Fund B, the interest rate risk information required by GASB 40 is not available. An estimate of weighted average life (WAL) is available. In the calculation of WAL, the time at which an expected principal amount is to be received (measured in years) is weighted by the principal amount received at that time divided by the sum of all expected principal payments. The principal amounts used in the WAL calculation are not discounted to present value as they would be in a weighted average duration calculation. The WAL (based on expected future cash flows) of Fund B at September 30, 2010, is estimated at 7.49 years. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the weighted average life.

Custodial Credit Risk

At September 30, 2010, the County did not hold any deposits or investments that were considered to have a custodial credit risk.

Concentration of Credit Risk

At September 30, 2010, the County did not hold any investments that were considered to have a concentration of credit risk.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable are ambulance receivables accounted for in the County's General Fund 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, 2010, and no further allowance is considered necessary. Bad debt expense for the year was \$810,148.

Jefferson County, Florida
Notes to Financial Statements

NOTE 5 - 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 6 - INTERFUND TRANSACTIONS AND BALANCES

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

Operating transfers during the year ended September 30, 2010 were as follows:

Fund	TRANSFER IN	TRANSFER OUT	PURPOSE
General fund:			
County Transportation Trust Fund	\$ -	\$ 1,039,860	(1)
Fine and Forfeiture Fund	3,311,736	2,393,088	(1)
Nonmajor funds	2,085,592	264,475	(1) (2)
Total General Fund	5,397,328	3,697,423	
County Transportation Trust Fund:			
General Fund	1,039,860	-	(1)
Fine and Forfeiture Fund:			
General Fund	2,393,088	3,311,736	(1)
Nonmajor governmental funds:			
General Fund	264,475	2,085,592	(2) (1)
Total	\$ 9,094,751	\$ 9,094,751	

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

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

The purpose of individual fund interfund receivable and payable balances at September 30, 2010 was for pooling of cash balances and loans to other funds. None of the balances are expected to be repaid within the next year.

Jefferson County, Florida
Notes to Financial Statements

NOTE 6 - INTERFUND TRANSACTIONS AND BALANCES (CONTINUED)

Interfund receivables/payables for the year ended September 30, 2010, consisted of the following:

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General fund	\$ -	\$ 4,084,230
County Transportation Trust Fund	-	427,640
Fine and Forfeiture Fund	912,399	-
Landfill Fund	1,285,654	-
Nonmajor governmental funds		
Grants Fund	398,177	-
SHIP Trust Fund	3,333	-
Capital Projects Fund	99,891	-
Fire Assessment Fund	718,603	-
E-911 Fund	1,157,294	-
Debt Service Fund	-	63,481
Total	\$ 4,575,351	\$ 4,575,351

NOTE 7 - DUE FROM OTHER GOVERNMENTS

Due from other governments consists of funds earned as of September 30, 2010, but not yet received by the County. The majority of these amounts were received in October and November 2010.

Jefferson County, Florida
Notes to Financial Statements

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2010, was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 1,317,467	\$ 4,040	\$ -	\$ 1,321,507
Total capital assets, not being depreciated	1,317,467	4,040	-	1,321,507
Capital assets, being depreciated:				
Buildings and improvements	7,923,558	262,651	-	8,186,209
Equipment	7,231,604	933,858	437,260	7,728,202
Equipment, Sheriff	1,759,937	413,595	471,524	1,702,008
Roads	26,040,640	-	-	26,040,640
Total capital assets, being depreciated	42,955,739	1,610,104	908,784	43,657,059
Less: Total accumulated depreciation	36,015,721	867,670	899,175	35,984,216
Total capital assets, being depreciated, net	6,940,018	742,434	9,609	7,672,843
Governmental activities capital assets, net	\$ 8,257,485	\$ 746,474	\$ 9,609	\$ 8,994,350

Depreciation expense was charged to functions as follows:

Governmental activities	
General government	\$ 268,817
Public safety	293,328
Fire safety	25,878
Physical environment	107,766
Transportation	148,160
Culture and recreation	12,978
Agriculture	10,743
Total depreciation expense-governmental activities	\$ 867,670

Jefferson County, Florida
Notes to Financial Statements

NOTE 9 - LONG-TERM LIABILITIES

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

Items of equipment were acquired in prior years and current year under various installment purchase obligations bearing interest at 5.5% to 13.00% per annum. These obligations require monthly and annual installments of various amounts and expire at various dates through September 1, 2015.

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.

Long-term debt activity for the year ended September 30, 2010, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Revenue bonds	\$ 2,255,000	\$ -	\$ 163,000	\$ 2,092,000	\$ 170,000
Capital lease obligations	270,099	212,935	107,972	375,062	84,727
Compensated absences	357,671	-	16,499	341,172	-
Landfill closure and post-closure costs	1,478,969	-	100,113	1,378,856	114,905
Total	\$ 4,361,739	\$ 212,935	\$ 387,584	\$ 4,187,090	\$ 369,632

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

Jefferson County, Florida
Notes to Financial Statements

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Debt service requirements on long-term debt at September 30, 2010 are as follows:

FISCAL YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES			
	REVENUE BONDS		CAPITAL LEASE OBLIGATIONS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2011	\$ 170,000	\$ 94,140	\$ 84,728	\$ 15,472
2012	178,000	86,490	88,758	11,441
2013	186,000	78,480	92,983	72,117
2014	194,000	70,110	76,578	2,919
2015	203,000	61,380	32,015	641
2016-2019	1,161,000	161,325	-	-
Total	\$ 2,092,000	\$ 551,925	\$ 375,062	\$ 102,590

Compensated Absences – Records kept for compensated absences relate only to hours earned, used and available. Accordingly, only the net changes in compensated absences payable are shown.

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

NOTE 10 - 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, 2010.
- (2) Excesses of expenditures over appropriations in individual funds. During the 2009-2010 fiscal year, the actual expenditures exceeded total appropriations in the following:

Funds	
General fund	\$ (309,282)
Transportation fund	(1,817,064)
Fine and forfeiture fund	(310,204)
Grants fund	(11,740)

Jefferson County, Florida
Notes to Financial Statements

NOTE 11 - EMPLOYEE BENEFITS

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

The System provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Retirement coverage is employee noncontributory. The employer pays all contributions.

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

	10/01/09 Through <u>06/30/10</u>	07/01/10 Through <u>9/30/10</u>
Regular employees	9.85%	10.77%
Senior management	13.12%	14.57%
Elected county officials' class	16.53%	18.64%
Special risk employees	20.92%	23.25%
DROP plan participants	10.91%	12.25%
Optional retirement plan	10.43%	10.43%

Contribution rates equal actuarial determined rates. For the period October 01, 2009 through September 30, 2010, the total payroll for all employees and the retirement contributions for all employees covered by FRS were as follows:

	Payroll Expense	Retirement Contributions
Board of County Commissioners	\$ 2,548,024	\$ 340,606
Clerk of the Circuit Court	471,931	58,879
Sheriff	1,959,046	325,303
Property Appraiser	268,019	30,005
Tax Collector	215,901	27,505
Supervisor of Elections	105,175	16,234
Total	\$ 5,568,096	\$ 798,532

NOTE 11 - EMPLOYEE BENEFITS (CONTINUED)

The County's contributions to the Plan for the years ended September 30, 2010, 2009 and 2008 were \$798,532, \$761,428 and \$731,674 respectively, which equal the required contributions. For the year ended September 30, 2010 retirement contributions represent 14.34% of County's total covered payroll.

Effective July 1, 1998, the Legislature established a Deferred Retirement Option Program (DROP). This program allows eligible employees to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed sixty months after electing to participate. Deferred monthly benefits are held in the Florida Retirement System Trust Fund and accrue interest.

NOTE 12 - GRANTS

The County participates in several state and federal grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended September 30, 2010, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the County's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined, although the County expects such amounts, if any, to be immaterial.

NOTE 13 - LITIGATION AND CONTINGENT LIABILITIES

The County is involved in various litigation arising from the ordinary course of business. There are currently four "Notices of Intent to Sue" or Notices of Claim for Damages" that have been reported to the Board's legal counsel. There are two discrimination suits currently ongoing. In the opinion of management, after consultation with legal counsel, these matters will be resolved without a material adverse effect on the County's financial position.

NOTE 14 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The County was required by State law to close its landfill which has no further capacity as of September 30, 1994. The post closure cost of maintenance, monitoring and testing is expected to be \$114,905 per year for the next 12 years. The estimate of post closure costs is based upon information provided by environmental engineers and consultants under contract with the County. The Solid Waste Trust Fund is a special revenue fund maintained by the County to accumulate the assets necessary to fund the post closure liabilities referenced above. The County maintains an escrow account to fund post closure costs annually. The escrow balance at September 30, 2010, was \$127,934.

Jefferson County, Florida
Notes to Financial Statements

NOTE 15 - 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, 2010.

Information regarding the bond issue is as follows:

Amount of Issue:	<u>\$ 3,600,000</u>
Date of Issue:	<u>September 1, 1992</u>
Maturity dates:	
May 1, 2011	\$ 270,000
May 1, 2012	285,000
Total	<u>\$ 555,000</u>

Jefferson County, Florida
Notes to Financial Statements

NOTE 16 - FUND EQUITY

Reservations of equity indicate the portion of the fund balance that are not available for appropriation or which are legally restricted for specific future uses. The purpose for each is indicated as follows:

Governmental Activities	Purpose		
General fund	Funding for:		
	Tourist development	\$	50,460
	Impact fees		77,829
	Landfill escrow		127,934
Total		\$	256,223
Special revenue funds			
Transportation fund	Reserve for inventory of supplies	\$	88,198
Fine and Forfeiture fund	Law enforcement		
	Court Education Trust		68,333
	Communications Trust		591,187
	Court Facilities Trust		117,929
	Special Law Enforcement Trust		87,251
Total		\$	952,898
Debt Service fund			
	Debt service	\$	239,769
Total		\$	239,769

NOTE 17 - RISK MANAGEMENT

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

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

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

NOTE 18 - COMMITMENTS AND CONTINGENCIES

Contractual Commitments

At September 30, 2010, the Board had contractual commitments for construction projects in excess of amounts recognized in the financial statements.

NOTE 19 - SUBSEQUENT EVENTS

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

Subsequent to year end, the County entered into a long-term lease agreement with the School Board for the lease of the Building "A" at the old JCHS. The lease agreement calls for the County to pay \$48,000 for the first two years upfront and then \$2,000 for the next 216 months. The County will own the building at the end of the lease agreement.

Supplementary Information

Jefferson County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds

September 30, 2010

	Special Revenue					Sales Tax Fund
	Grants Fund	SHIP Trust Fund	Capital Projects	Fire Assessment		
Assets						
Cash and cash equivalents	\$ 245,662	\$ 329,968	\$ 11,627	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-
Due from other funds	398,177	3,333	99,891	718,603	-	-
Due from other governmental units	-	-	-	781	-	-
Total assets	\$ 643,839	\$ 333,301	\$ 111,518	\$ 719,384	\$ -	\$ -
Liabilities						
Vouchers payable	\$ -	\$ -	\$ -	\$ 4,064	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Loan from other fund	154,838	-	-	-	-	-
Deferred revenue	-	91,892	-	-	-	-
Total liabilities	154,838	91,892	-	4,064	-	-
Fund balances						
Reserved for						
Debt service	-	-	-	-	-	-
Law enforcement	-	-	-	-	-	-
Unreserved, reported in:						
Special revenue funds	489,001	241,409	111,518	715,320	-	-
Total fund balances	489,001	241,409	111,518	715,320	-	-
Total liabilities and fund balances	\$ 643,839	\$ 333,301	\$ 111,518	\$ 719,384	\$ -	\$ -

Jefferson County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds

September 30, 2010

	Special Revenue			Total Non-Major Governmental Funds
	Payroll	E-911 Fund	Debt Service	
Assets				
Cash and cash equivalents	\$ 1,510	\$ -	\$ -	\$ 588,767
Restricted cash and cash equivalents	-	-	303,250	303,250
Accounts receivable	-	-	-	-
Due from other funds	-	1,157,294	-	2,377,298
Due from other governmental units	-	23,729	-	24,510
Total assets	\$ 1,510	\$ 1,181,023	\$ 303,250	\$ 3,293,825
Liabilities				
Vouchers payable	\$ 1,510	\$ 4,086	\$ -	\$ 9,660
Due to other funds	-	-	63,481	63,481
Loan from other fund	-	-	-	154,838
Deferred revenue	-	-	-	91,892
Total liabilities	1,510	4,086	63,481	319,871
Fund balances				
Reserved for				
Debt service	-	-	239,769	239,769
Law enforcement	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	1,176,937	-	2,734,185
Total fund balances	-	1,176,937	239,769	2,973,954
Total liabilities and fund balances	\$ 1,510	\$ 1,181,023	\$ 303,250	\$ 3,293,825

Jefferson County, Florida
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

For the year ended September 30, 2010

	Special Revenue				
	Grants Fund	SHIP Trust Fund	Capital Projects	Fire Assessment	Sales Tax Fund
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 646,541
Intergovernmental	721,120	110,000	-	-	-
Investment earnings	28	204	-	-	-
Other fees and miscellaneous revenues	-	-	10	638,832	-
Total revenues	721,148	110,204	10	638,832	646,541
Expenditures					
Current:					
Public safety	-	-	-	-	-
Fire safety	-	-	-	587,380	-
Economic development	802,036	159,704	-	-	-
Capital outlay	-	-	-	27,467	-
Debt service	-	-	-	13,764	-
Principal	-	-	-	804	-
Interest and other charges	-	-	-	-	-
Total expenditures	802,036	159,704	-	629,415	-
Excess (deficiency) of revenues over (under) expenditures	(80,888)	(49,500)	10	9,417	646,541
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(2,085,592)
Net other financing sources (uses)	-	-	-	-	(2,085,592)
Net change in fund balances	(80,888)	(49,500)	10	9,417	(1,439,051)
Fund balances - beginning	569,889	290,909	111,508	705,903	1,439,051
Fund balances - ending	\$ 489,001	\$ 241,409	\$ 111,518	\$ 715,320	\$ -

Jefferson County, Florida
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

For the year ended September 30, 2010

	Special Revenue				Total Non-Major Governmental Funds
	Payroll	E-911 Fund	FEMA	Debt Service	
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 360,118	\$ 1,006,659
Intergovernmental	-	201,072	-	-	1,032,192
Investment earnings	-	361	-	202	795
Other fees and miscellaneous revenues	-	-	-	-	638,842
Total revenues	-	201,433	-	360,320	2,678,488
Expenditures					
Current:					
Public health and safety	-	63,667	-	-	63,667
Fire safety	-	-	-	-	587,380
Economic development	-	-	-	-	961,740
Capital outlay	-	-	-	-	27,467
Debt service	-	-	-	-	-
Principal	-	-	-	418,000	431,764
Interest and other charges	-	-	-	149,820	150,624
Total expenditures	-	63,667	-	567,820	2,222,642
Excess (deficiency) of revenues over (under) expenditures	-	137,766	-	(207,500)	455,846
Other financing sources (uses)					
Transfers in	-	-	-	264,475	264,475
Transfers out	-	-	-	-	(2,085,592)
Net other financing sources (uses)	-	-	-	264,475	(1,821,117)
Net change in fund balances	-	137,766	-	56,975	(1,365,271)
Fund balances - beginning	-	1,039,171	-	182,794	4,339,225
Fund balances - ending	\$ -	\$ 1,176,937	\$ -	\$ 239,769	\$ 2,973,954

Jefferson County, Florida
Combing Statement of Fiduciary Net Assets
Agency Funds

September 30, 2010

	Clerk of the Circuit Court	Tax Collector	Sheriff	Total
Assets				
Cash and cash equivalents	\$ 490,685	\$ 1,100,023	\$ 94,746	\$ 1,685,454
Total assets	\$ 490,685	\$ 1,100,023	\$ 94,746	\$ 1,685,454
Liabilities				
Due to other governments	\$ -	\$ 1,100,023	\$ -	\$ 1,100,023
Due to others	490,685	-	94,746	585,431
Total liabilities	\$ 490,685	\$ 1,100,023	\$ 94,746	\$ 1,685,454



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

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

We have audited the financial statements of the governmental activities, and each major fund and the aggregate remaining fund information of Jefferson County, Florida (the "County") as of and for the year ended September 30, 2010, and have issued our report thereon dated February 16, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2010 and in the summary schedule of prior audit findings as items 2009-1, 2008-1 and 2008-2 that we consider to be significant deficiencies in internal control over financial reporting. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance

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

Compliance and Other Matters

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

We also noted certain other matters that we reported to the management of the County in a separate letter dated February 16, 2011.

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

This report is intended solely for the information and use of the County, Constitutional Officers and management, the State of Florida Auditor General, specific legislative or regulatory bodies, and 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.

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

February 16, 2011

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

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

Compliance

We have audited the compliance of Jefferson County, Florida, Board of County Commissioners (the County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2010. Jefferson County, Florida's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state projects is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, State of Florida Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the County'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 County's compliance with those requirements.

In our opinion, Jefferson County, Florida complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2010.

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

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the summary schedule of prior audit findings as items 2009-3 and 2009-5. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report is intended solely for the information and use of the County, Constitutional Officers and management, the State of Florida Auditor General, specific legislative or regulatory bodies, and 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.

Carly Riggs & Ingram, L.L.C.

February 16, 2011

Jefferson County, Florida
Schedule of Expenditures of Federal Awards Programs and
State Financial Assistance

For the year ended September 30, 2010

Federal Agency Pass through entity Federal Award Programs	CFDA Number	Contract/Grant Number	Expenditures
United States Department of Homeland Security			
Florida Department of Community Affairs			
State Homeland Security Grant Program	97.067	2009-SS-T9-00081	\$ 10,000
Total United States Department of Homeland Security			10,000
United States Department of Agriculture			
Natural Resources Conservation Service	10.904	69-4209-9-1720	1,742,014
Total United States Department of Agriculture			1,742,014
United States Department of Housing and Urban Development			
Section 8 Housing Choice Vouchers	14.871	FL140V0	782,057
Total United States Department of Housing and Urban Development			782,057
United States Department of Health and Human Services			
Health Resources and Services Administration			
Health Care and Other Facilities	93.887	C76HF15434-01-00	187,604
Florida Department of Revenue:			
Child Support Enforcement			
Child Support Enforcement - Title IVD	93.563	n/a	47,092
Total United States Department of Health and Human Services			234,696
United States Department of Justice			
Florida Department of Law enforcement:			
Justice Assistance Equipment Grant	16.xxx	n/a	2,893
Edward Byrne Memorial Grant Program			
ARRA - Recovery Act Assistance Grant	16.803	2010-ARRC-JEFF-1-W7-097	539,484
Anti-Drug Abuse Act Funds	16.738	209-JAGC-881	131,457
Total United States Department of Justice			673,834
Total expenditures of Federal Awards Programs			\$ 3,442,601

Jefferson County, Florida
Schedule of Expenditures of Federal Awards Programs and
State Financial Assistance, *continued*

For the year ended September 30, 2010

Federal/State Agency Pass-Through Entity State Financial Assistance Projects	CSFA Number	Grant/ Contract Number	Expenditures
Florida Department of Transportation			
Public Transit Service Development Program			
Small County Road Assistance Program (SCRAP) - CR 158B	55.016	APM06	\$ 328,382
Small County Road Assistance Program (SCRAP) - CR 149A	55.016	APM05	1,414,018
Small County Outreach Program - South Salt Rd/ CR 257A	55.009	AOZ85	1,701,463
Florida Department of Transportation			3,443,863
Florida Department of Community Affairs			
Emergency Management Programs			
Emergency Management Base Grant	52.008	10-BG-25-043-01-114	70,462
Total Florida Department of Community Affairs			70,462
Florida Housing Finance Corporation			
State Housing Initiatives Partnership Program (SHIP)			
State Housing Initiatives Partnership Program (SHIP)	52.901	08/09	110,000
Total Florida Housing Finance Corporation			110,000
Florida Department of Environmental Protection			
Small County Grants			
Cooperative Collection Center Grant - Hazard Material Planning	37.007	SO444	14,000
Cooperative Collection Center Grant - Hazard Material Planning	37.007	SO445	24,173
Small County Consolidated Grant - Solid Waste	37.012	SC018	78,787
Total Florida Department of Environmental Protection			116,960
Florida Department of State			
Division of Library and Information Services:			
Library Resources	45.030	09-ST-92	107,307
Total Florida Department of State			107,307
Florida Department of Health			
Office of the State Surgeon General			
Emergency Medical Service Grant	64.005	C-9033	12,266
Emergency Medical Service Grant	64.003	M-9202	93,750
Total Florida Department of Health			106,016
Florida Department of Agriculture			
Mosquito Control	42.003	n/a	27,300
Total Florida Department of Agriculture			27,300
Total expenditures of State Financial Assistance Projects			\$ 3,981,908

Jefferson County, Florida
Notes to Schedule of Expenditures of Federal Award
Programs and State Financial Assistance Projects
For the year ended September 30, 2010

NOTE 1 - BASIS OF ACCOUNTING

The supplementary Schedule of Expenditures of Federal Award Programs and State Financial Assistance Projects include the grant activity of Jefferson County, Florida (the County). Federal and state expenditures are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and Chapter 10.550, Rules of the Auditor General. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - REPORTING ENTITY

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

NOTE 3 - PASS-THROUGH AWARDS

The County receives certain federal awards from pass-through awards of the State. The total amount of such pass-through awards is included on the supplementary Schedule of Expenditures of Federal Award Programs and State Financial Assistance Projects.

Jefferson County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2010

A. SUMMARY OF AUDIT RESULTS

1. The Independent Auditors' Report expresses an unqualified opinion on the financial statements of Jefferson County, Florida (the County).
2. Significant deficiencies disclosed during the audit of the financial statements are reported in the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*." No instances of material weakness material to the financial statements of the County were disclosed during the audit.
3. No instances of noncompliance material to the financial statements of the County were disclosed during the audit.
4. Significant deficiencies relating to the audit of the major federal award programs and state financial assistance projects are reported in the Independent Auditors' Report on Compliance and Internal Control Over Compliance Applicable to Each Major Program. No instances of material weakness relating to the audit of the major federal award programs and state financial assistance projects were disclosed during the audit.
5. The Independent Auditors' Report on Compliance and Internal Control over Compliance Applicable to each major federal award programs and state financial assistance projects for Jefferson County, Florida expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs and state financial assistance projects for Jefferson County, Florida are reported in this schedule.
7. The programs/projects tested as major programs/projects included the following:

Federal Programs	CFDA No.
U.S. Department of Health and Human Services	
Section 8 Housing Choice Vouchers	14.871
U.S. Department of Justice	
ARRA - Recovery Act Edward Byrne Memorial Assistance Grant	16.803
U.S. Department of Agriculture	
Natural Resources Conservation Service	10.904
 State Projects	 CSFA No.
Florida Department of Transportation	
Small County Road Assistance Program	55.016
Small County Outreach Program	55.009

Jefferson County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2010

A. SUMMARY OF AUDIT RESULTS (CONTINUED)

8. The threshold for distinguishing Type A and Type B programs/projects was \$300,000 for major federal award programs and \$300,000 for major state financial assistance projects.
9. Jefferson County, Florida did not qualify as a low-risk auditee pursuant to OMB Circular A-133.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

BOARD OF COUNTY COMMISSIONERS

Significant Deficiency 2010-1: GRANT MANAGEMENT

Comment: We noted the County did not monitor administrative expenditures as it relates to grants management and thereby was unable to determine if administrative expenditures exceeded the allowed amounts per various grant contracts. The County is allowed to use a percentage of the total grant award for administrative purposes and grants management. Failure to properly monitor grant awards and receipts can potentially result in over reimbursement of administrative expenditures.

Recommendation: We recommend the County ascertain grant revenue is properly recorded and that administrative costs do not exceed the allocated amount per the grant contract.

C. FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AND STATE PROJECTS

There were no current year audit findings.

See summary schedule of prior year audit findings for findings not resolved in the current year.

Jefferson County, Florida
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2010

PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS

MAJOR FEDERAL PROGRAMS AND STATE PROJECTS

BOARD OF COUNTY COMMISSIONERS

Significant Deficiency 2009-2: GRANT EXPENDITURES AND REIMBURSEMENTS - RESOLVED

Florida Department of Transportation, Small County Road Assistance Program, CSFA 55.016 and Small County Outreach Program, CSFA 55.009

COMMENT: It was noted that the County did not record expenditures for these projects or request reimbursement of expenditures from grantor agencies in a timely manner. Failure to properly record expenditures and revenue could result in the potential for lost revenue and improper reporting. This occurred due to budgetary constraints.

RECOMMENDATION: We recommend that the County amend their budget and record expenditures as made, while submitting requests for grant reimbursements as soon as the funds are made available. This will reduce the potential for lost revenue and allow the funds to be properly recorded in the correct period.

STATUS: This item has been corrected.

Significant Deficiency 2009-3: RETAINAGE PAYABLE – NOT RESOLVED

Florida Department of Transportation, Small County Outreach Program, CSFA 55.009

COMMENT: It was noted that the County did not properly record retainage for work in process as required by generally accepted accounting principles and as stipulated in the OMB Circular A-133, resulting in improper recognition of expenditures, revenues, liabilities, and assets. Improper recognition of expenditures can potentially result in improper reporting to funding agencies, improper reimbursement requests, and improper calculation of match requirements.

RECOMMENDATION: We recommend that the County record retainage for work in process to properly reflect expenditures, revenues, liabilities, and assets

STATUS: This item has not been corrected.

Jefferson County, Florida
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2010

PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)

MAJOR FEDERAL PROGRAMS AND STATE PROJECTS (CONTINUED)

BOARD OF COUNTY COMMISSIONERS (CONTINUED)

Significant Deficiency 2009-4: INCOMPLETE DOCUMENTATION - RESOLVED

Department of Housing and Urban Development, HUD Section 8 Housing Assistance Program, CFDA 14.871

COMMENT: We noted several applicant files with incomplete or missing documentation to include noncurrent or missing leases, noncurrent and missing inspection documentation. Documentation needed to process applicants is stipulated in the County's Administration Plan. Failure to complete documentation could result in the County processing and accepting ineligible applicants.

RECOMMENDATION: We recommend that the County review each applicant file to ensure documentation is complete prior to approving release of funds.

STATUS: This item has been corrected.

Significant Deficiency 2009-5: UNSUPPORTED PAYMENTS – NOT RESOLVED

Department of Housing and Urban Development, HUD Section 8 Housing Assistance Program, CFDA 14.871

COMMENT: We noted that overpayments were made to a landlord when the payment was not adjusted to reflect the annual recertification of one applicant. Failure to make payments based on income certification could result in the loss of grant funding.

RECOMMENDATION: We recommend that the County monitor the approval and payment process more closely.

STATUS: This item has not been corrected.

Jefferson County, Florida
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2010

PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)

FINANCIAL STATEMENT AUDIT

**BOARD OF COUNTY COMMISSIONERS, CLERK OF CIRCUIT COURT, PROPERTY APPRAISER,
SHERIFF, SUPERVISOR OF ELECTIONS AND TAX COLLECTOR**

Significant Deficiency 2008-1: Segregation of Duties – Not Resolved

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

RECOMMENDATION: We realize that due to the limited number of employees and certain incompatible duties being performed by the same employee, it is difficult to achieve ideal segregation of duties. Nevertheless, internal control is strengthened when incompatible duties are separated and review procedures are established and adhered to. At a minimum, we recommend the Constitutional Officers receive and review the unopened bank statements each month, indicating on the statement evidence of his/her review.

STATUS: This condition continues to exist.

Significant Deficiency 2008-2: Preparation of GAAP-based Financial Statements – Not Resolved

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

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

STATUS: This condition continues to exist.

Jefferson County, Florida
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2010

PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)

FINANCIAL STATEMENT AUDIT (CONTINUED)

TAX COLLECTOR

Significant Deficiency 2009-1: Tax Account Reconciliation – Not Resolved

COMMENT: At year end, the Tax Collector cash balance should reconcile to installments collected for next year's taxes and other amounts collected. We noted the Tax Collector's tax account had approximately \$31,179 of undisbursed taxes and fees in excess of tax installments.

RECOMMENDATION: We recommend the Tax Collector disburse all taxes and fees timely and reconcile the tax account monthly.

STATUS: This condition continues to exist.

INDEPENDENT AUDITORS' MANAGEMENT LETTER COMMENTS

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

We have audited the accompanying financial statements of Jefferson County, Florida (the "County") as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated February 16, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*, Independent Auditors' Report on Compliance and Internal Control Over Compliance Applicable to Each Major Program and State Project, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated February 16, 2011, 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. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report except as noted under the heading "Prior Year Findings and Recommendations."
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include 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 Jefferson County, Florida complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations that improve financial management. In connection with our audit, we did not have any such recommendations.

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

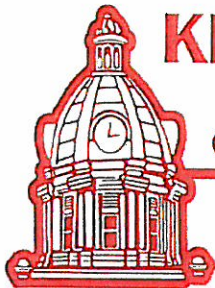
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but, more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts or abuse and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This item is disclosed in the notes to the Financial Statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for Jefferson County, Florida for the fiscal year ended September 30, 2010, 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, 2010. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.
- Section 10.554(1)(i)8., Rules of the Auditor General, requires a statement as to whether or not the Clerk of Court complied with Section 28.35, Florida Statutes, regarding the budget and performance standards certified by the Florida Clerk of Courts Operations Corporation. In connection with our audit, we determined that the Clerk complied with the budget and performance standards pursuant to Section 28.35, Florida Statutes.

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

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of the Jefferson County, Florida, Board of County Commissioners, Constitutional Officers and management, and the State of Florida Auditor General and appropriate federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

Carly Riggs & Ingram, L.L.C.

February 16, 2011



KIRK REAMS

**Jefferson County
Clerk of Court & CFO**

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

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

Re: September 30, 2010 Audit of Jefferson County, Florida

Dear Mr. Martin,

This is in reply to our auditor's findings and recommendations contained in our audit report for the year ended September 30, 2010.

Note 10 – Other Required Individual Fund Disclosures

The County had four funds with excesses of expenditures over appropriations during the year reported in this audit. In each of those funds, there were significant unanticipated revenues, however, the County did not prepare and approve the necessary budget amendments for those funds. The County will establish controls to ensure this does not happen in the future.

Significant Deficiency 2010 – 1: Grant Management

The County will establish controls to ensure that grant revenue is properly recorded and that administrative costs do not exceed the allocated amount per the grant contracts.

Significant Deficiency 2009 - 3: Retainage Payable

The County will establish controls to ensure retainage is recorded at year end to properly reflect work in process.

Significant Deficiency 2009 – 5: Unsupported Payments

The County will attempt to recover any overpayments and consult with the third party administrator for the program to ensure annual recertifications are complete and rent payments are in the correct amounts.

Significant Deficiency 2008 – 1: Segregation of Duties

Although we agree with the auditor's finding and recommendation, the cost/benefit ratio is far too costly for this office to hire additional personnel to accomplish adequate segregation of duties. We will continue to utilize current procedures regarding the review of unopened bank statements each month.

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

Although we agree with the auditor's finding and recommendation, the cost/benefit ratio is far too costly for this office to hire additional personnel to prepare financial statements on our own. Accordingly, we will continue to utilize Carr, Riggs & Ingram to prepare financial statements each year.

Respectfully submitted,

Kirk B. Reams
Clerk of the Circuit Court



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

Special-Purpose Financial Statements

September 30, 2010

Jefferson County, Florida
Clerk of the Circuit Court
Table of Contents
September 30, 2010

Independent Auditors' Report	1-2
Special-Purpose Financial Statements	
Special-Purpose Balance Sheet - Governmental Fund	3
Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	4
Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	5
Special-Purpose Statement of Fiduciary Net Assets - Agency Funds	6
Notes to Special-Purpose Financial Statements	7-14
Supplementary Information	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15-17
Independent Auditors' Management Letter	18-19
Management's Response	20



Carr, Riggs & Ingram, LLC
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying special-purpose financial statements of the Jefferson County, Florida, Clerk of the Circuit Court (the "Clerk") as of and for the year ended September 30, 2010, as listed in the table of contents. These special-purpose financial statements are the responsibility of management of the Clerk. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and remaining fund information as well as the fiduciary fund type of the Clerk as of September 30, 2010, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards* we have also issued a report dated February 7, 2011, on our consideration of the Clerk's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Carly Riggs & Ingram, L.L.C.

Tallahassee, Florida
February 7, 2011

Special-Purpose Financial Statements

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

September 30, 2010

		General Fund
Assets		
Restricted cash and cash equivalents	\$	75,185
Due from other governmental units		14,916
<hr/>		
Total assets	\$	90,101
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Liabilities		
Accounts payable and accrued expenses	\$	10,656
Deferred revenue		19,466
<hr/>		
Total liabilities		30,122
<hr/>		
Fund balances		
Reserved for other purposes		59,979
<hr/>		
Total liabilities and fund balances	\$	90,101
<hr/>		

See accompanying notes to financial statements.

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

For the year ended September 30, 2010

		General Fund
Revenues		
Charges for services	\$	182,546
Intergovernmental		376,758
<hr/>		
Total revenues		559,304
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Expenditures		
General government		
Personal services		286,358
Operating expenses		99,176
Court-related		
Personal services		287,744
Operating expenses		31,047
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Total expenditures		704,325
<hr/>		
Excess (deficiency) of revenues over (under) expenditures		(145,021)
<hr/>		
Other financing sources (uses)		
Transfers in		205,000
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Net other financing sources (uses)		205,000
<hr/>		
Net change in fund balances		59,979
<hr/>		
Fund balances - beginning		-
<hr/>		
Fund balances - ending	\$	59,979
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See accompanying notes to financial statements.

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

For the year ended September 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Charges for services	\$ 164,355	\$ 164,355	\$ 182,546	\$ 18,191
Intergovernmental	379,692	379,692	376,758	(2,934)
Total revenues	544,047	544,047	559,304	15,257
Expenditures				
General government				
Personal services	287,161	287,161	286,358	803
Operating expenses	127,189	127,189	99,176	28,013
Court-related				
Personal services	291,727	291,727	287,744	3,983
Operating expenses	38,970	38,970	31,047	7,923
Capital outlay	4,000	4,000	-	4,000
Total expenditures	749,047	749,047	704,325	44,722
Excess (deficiency) of revenues over (under) expenditures	(205,000)	(205,000)	(145,021)	59,979
Other financing sources (uses)				
Transfers in	205,000	205,000	205,000	-
Net other financing sources (uses)	205,000	205,000	205,000	-
Net change in fund balance	\$ -	\$ -	\$ 59,979	\$ 59,979

See accompanying notes to financial statements.

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

September 30, 2010

	Agency Funds
Assets	
Cash and cash equivalents	\$ 490,685
Total assets	\$ 490,685
Liabilities	
Due to others	\$ 490,685
Total liabilities	\$ 490,685

See accompanying notes to financial statements.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

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

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

The Clerk also reported the following fund type:

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

Measurement Focus

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

Basis of Accounting

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Budgetary Requirements

Florida Statutes, Chapter 28.35 and 129.03, details the preparation, adoption and administration of the Clerk's annual budget. The Clerk establishes an annual balanced budget for the office which displays the revenues available to the office and the functions for which the money is to be expended. The budgeted revenues and expenditures in the accompanying financial statements reflect all amendments approved by the Board of County Commissioners and the CCOC. The budget is prepared on a basis consistent with generally accepted accounting principles.

Cash and Cash Equivalents

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

Capital Assets and Depreciation

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

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

Furniture, machinery, and equipment	3-30 years
-------------------------------------	------------

Due to Others

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accumulated Compensated Absences

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

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

Risk Management and Insurance

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

- General Liability
- Automobiles
- Money and Securities Coverage

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

Management Estimates and Assumptions

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

Subsequent Events

The Clerk has evaluated subsequent events through the date of the auditors' report.

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

NOTE 2 – DEPOSITS AND INVESTMENTS

At September 30, 2010, the carrying amount of the Clerk's cash and cash equivalents and restricted cash was \$565,870 and the bank balance was \$567,976. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

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

The Clerk invested funds in the Florida State Board of Administration Local Government Surplus Funds Investment Pool. At September 30, 2010, the market value and the carrying value of these funds were \$119,113. The funds are carried as a cash equivalent on the balance sheet at September 30, 2010 (See Note 1 for definition of cash equivalents) and are included in carrying value and bank balance in the first paragraph of this note.

As a Florida PRIME participant, the Clerk invests in a pool of investments whereby the Clerk owns a share of the respective pool, not the underlying securities. The State Board of Administration's interpretation of GASB 31 is that the Florida PRIME is currently considered a Securities and Exchange Commission Rule 2a7-like fund, as of September 30, 2010. These investments are reported at fair value, which is amortized cost.

The State Board of Administration's interpretation in regards to the Clerk's investments in Fund B is that it does not meet the requirement of a SEC 2a-7-like fund; therefore, State Board of Administration is providing a Fair Value factor (i.e. total net asset value of Fund B divided by total participant balances of Fund B) for September 30, 2010. The Fair Value factor for Fund B for September 30, 2010, is .707058094.

As of September 30, 2010, the Board had \$115,703 and \$3,410 invested in Florida PRIME and B, respectively. Additional information and investment policies regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration at www.sbafla.com/prime.

CREDIT RISK

As of September 30, 2010, the Clerk's investment in the Florida PRIME is rated by Standard and Poors and the current rating is AAAM. The Fund B Surplus Funds Trust Fund is not rated by any nationally recognized statistical rating agency.

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

INTEREST RATE RISK

The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2010, is 52 days. Next interest rate reset for floating rate securities are used in the calculation of the WAM. Due to the nature of the securities in Fund B, the interest rate risk information required by GASB 40 is not available. An estimate of weighted average life (WAL) is available. In the calculation of WAL, the time at which an expected principal amount is to be received (measured in years) is weighted by the principal amount received at that time divided by the sum of all expected principal payments. The principal amounts used in the WAL calculation are not discounted to present value as they would be in a weighted average duration calculation. The WAL (based on expected future cash flows) of Fund B at September 30, 2010, is estimated at 7.49 years. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the weighted average life.

CUSTODIAL CREDIT RISK

At September 30, 2010, the Clerk did not hold any deposits or investments that were considered to have custodial credit risk.

CONCENTRATION OF CREDIT RISK

At September 30, 2010, the Clerk did not hold any investments that were considered to have concentration of credit risk.

NOTE 3 – LONG-TERM LIABILITIES

The Clerk's long-term liabilities are reported in the statement of net assets in the County's financial statements.

Long-term liability activity for the year ended September 30, 2010, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Compensated absences	\$ 16,559	\$ 10,631	\$ -	\$ 27,190	\$ -
Total	\$ 16,559	\$ 10,631	\$ -	\$ 27,190	\$ -

Accrued compensated absences represent the vested portion of accrued vacation and sick leave. See Note 1 for a summary of the Clerk's policy regarding compensated absences. Records kept for compensated absences relate only to hours earned, used and available. Accordingly, only the net changes in compensated absences are presented.

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

NOTE 4 – EMPLOYEE PENSION PLAN

In accordance with Florida Law, the Clerk participates in the Florida Retirement System (FRS), a multiple-employer cost sharing defined benefit public retirement system administered by the State of Florida, Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by contacting the State of Florida Division of Retirement, Tallahassee, Florida 32399-1650, or by accessing their internet site at www.frs.state.fl.us/frs/public/annual.

The System provides vesting benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Retirement coverage is employee noncontributory. The employer pays all contributions.

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

	10/01/09 Through <u>06/30/10</u>	07/01/10 Through <u>09/30/10</u>
Regular employees	9.85%	10.77%
Senior Management	13.12%	14.57%
Elected county officials' class	16.53%	18.64%
Special risk employees	20.92%	23.25%
Drop participants	10.91%	12.25%

The above rates include a 1.11% health insurance subsidy contribution. For the period October 01, 2009 through September 30, 2010, the total payroll for the Clerk employees covered by the System was \$471,931. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2010, 2009 and 2008 were \$58,879, \$51,757 and \$52,607 respectively, which equal the required contributions. For the year ended September 30, 2010 retirement contributions represent 12.48% of covered payroll.

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

NOTE 5 – DEFERRED REVENUE

During the year, the Clerk received funds from the State of Florida for court-related activities which are unearned until expended. As of September 30, 2010, the amounts received and unearned are in the amount of \$19,466.

NOTE 6 – FUND EQUITY

Reservations of equity show amounts that are legally restricted for specific uses. The purpose for each is indicated as follows:

Funds	Purpose	
General Fund	Funding for:	
	Modernization of Public Records	\$ 7,499
	Court-related technology	17,282
	Court-related operational needs and program enhancements	35,198
	Total Reserved for other purposes	<u>\$ 59,979</u>

NOTE 7 – EXCESS REVENUE

Pursuant to Section 218.36(2), Florida Statutes, each County Officer shall pay into the county general fund all money in excess of the sum to which he or she is entitled under the provisions of Chapter 145. There were no excess revenues over expenditures as of September 30, 2010.

Pursuant to Section 28.37(2), Florida Statutes, the Clerk of the Courts is required to remit all court-related fines, fees, service charges and costs to the Department of Revenue for deposit into the Clerks of the Court Trust Fund within the Justice Administrative Commission. Effective July 1, 2009, all fees, service charges, court costs, and fines collected are to be remitted to the Florida Department of Revenue (DOR) on a monthly basis and funding for the Clerk's court operations will be provided by the Justice Administrative Commission. One twelfth of the approved budget will be sent to the Clerk on a monthly basis. Excess revenue over expenditures at June 30th of each year will be sent to DOR. Excess court revenues for the period October 1, 2009 through June 30, 2010 totaled \$245 and were returned by July 20, 2010.

Supplementary Information

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

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

We have audited the special-purpose financial statements of the Jefferson County, Florida, Clerk of the Circuit Court (the "Clerk") as of and for the year ended September 30, 2010, and have issued our report thereon dated February 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described below that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

PRIOR YEAR FINDINGS AND RECOMMENDATIONS:

Need for Segregation of Duties

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

RECOMMENDATION: We realize that due to the limited number of employees and certain incompatible duties being performed by the same employee, it is difficult to achieve ideal separation of duties. Nevertheless, internal control is strengthened when incompatible duties are separated and review procedures are established and adhered to.

STATUS: This condition continues to exist.

Preparation of GAAP-based Financial Statements

COMMENT: The Clerk has a capable individual providing bookkeeping services; however the Clerk does not have an individual on staff with the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles (GAAP). Management relies on Carr, Riggs and Ingram to prepare their annual financial statements including the note disclosures.

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

STATUS: This condition continues to exist.

Compliance and Other Matters

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

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

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

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

Carly Riggs & Ingram, L.L.C.

February 7, 2011

INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

We have audited the accompanying financial statements of the Jefferson County, Florida Clerk of the Circuit Court (the "Clerk"), as of and for the year ended September 30, 2010, and have issued our report thereon dated February 7, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, which is dated February 7, 2011, and 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. This letter includes the following information, which is not included in the aforementioned auditors' report:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Significant findings and recommendations made in the preceding annual financial audit report have not been corrected.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Jefferson County, Florida, Clerk of the Circuit Court complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations that improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statement that is less than material, but, more than inconsequential. In connection with our audit, we did not have any such findings.

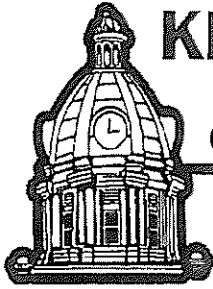
To the Honorable Kirk B. Reams
Clerk of the Circuit Court of Jefferson County, Florida
Monticello, Florida

- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the financial statement, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts or abuse (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This information was disclosed in the notes to the Financial Statements.
- Section 10.554(1)(i)8., Rules of the Auditor General, requires a statement as to whether or not the Clerk of Court complied with Section 28.35, Florida Statutes, regarding the budget and performance standards certified by the Florida Clerk of Courts Operations Corporation. In connection with our audit, we determined that the Clerk complied with the budget and performance standards pursuant to Section 28.35, Florida Statutes.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Jefferson County, Florida Clerk of the Circuit Court, the Board of County Commissioners, the Florida Auditor General and appropriate federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

Carri Riggs & Ingram, L.L.C.

February 7, 2011



KIRK REAMS

**Jefferson County
Clerk of Court & CFO**

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

February 8, 2011

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

Re: 2009-2010 Audit

Dear Mr. Martin,

This is in reply to the auditor's findings and recommendations contained in my audit report for the year ended September 30, 2010.

Please be advised that although I agree with the auditor's findings and recommendations, the cost/benefit ratio is far too costly for this office to hire additional personnel to accomplish adequate segregation of duties and to prepare financial statements on our own. Accordingly, I will continue to utilize the current procedures regarding review of all bank statements by me prior to them being given to the person responsible for the bank reconciliations each month and I will continue to utilize Carr, Riggs & Ingram to prepare my financial statements each year.

Respectfully,

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



**Jefferson County, Florida
Property Appraiser**

Special-Purpose Financial Statements

September 30, 2010

Jefferson County, Florida
Property Appraiser
Table of Contents
September 30, 2010

Independent Auditors' Report	1-2
Special-Purpose Financial Statements	
Special-Purpose Balance Sheet - Governmental Fund	3
Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	4
Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	5
Notes to Special-Purpose Financial Statements	6-12
Supplementary Information	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	13-15
Independent Auditors' Management Letter	16-17
Management's Response	18



Carr, Riggs & Ingram, LLC
1713 Mahan Drive
Tallahassee, FL 32308

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying special-purpose financial statements of the Jefferson County, Florida, Property Appraiser (the "Property Appraiser") as of and for the year ended September 30, 2010, as listed in the table of contents. These special-purpose financial statements are the responsibility of management of the Property Appraiser. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Property Appraiser as of September 30, 2010, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards* we have also issued a report dated December 17, 2010, on our consideration of the Property Appraiser's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Car, Riggs & Ingram, L.L.C.

December 17, 2010

Special-Purpose Financial Statements

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

September 30, 2010

	General Fund
<hr/>	
Assets	
Cash	\$ -
<hr/>	
Total assets	\$ -
<hr/>	
Liabilities	
Accounts payable and accrued expenses	\$ -
Due to Board of County Commissioners	-
<hr/>	
Total liabilities	-
<hr/>	
Fund balance	-
<hr/>	
Total liabilities and fund balance	\$ -
<hr/>	

See accompanying notes to financial statements.

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

For the year ended September 30, 2010

	General Fund
Revenues	
Charges for services	\$ 10,124
Investment earnings	36
<hr/>	
Total revenues	10,160
<hr/>	
Expenditures	
General government	
Personal services	323,291
Operating expenses	122,006
Capital outlay	-
<hr/>	
Total expenditures	445,297
<hr/>	
Excess (deficiency) of revenues over (under) expenditures	(435,137)
<hr/>	
Other financing sources (uses)	
Transfers in	449,872
Transfers out	(14,735)
<hr/>	
Net other financing sources (uses)	435,137
<hr/>	
Net change in fund balance	-
<hr/>	
Fund balance - beginning	-
<hr/>	
Fund balance - ending	\$ -
<hr/>	

See accompanying notes to financial statements.

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

For the year ended September 30, 2010

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
Expenditures				
General government				
Personal services	\$ 331,963	\$ 323,712	\$ 323,291	\$ 421
Operating expenses	120,875	121,586	116,208	5,378
Capital outlay	-	4,500	-	4,500
Total expenditures	452,838	449,798	439,499	10,299
Excess (deficiency) of revenues over (under) expenditures	(452,838)	(449,798)	(439,499)	10,299
Other financing sources (uses)				
Transfer in	452,838	449,798	449,872	74
Transfer out	-	-	(10,373)	(10,373)
Net other financing sources (uses)	452,838	449,798	439,499	(10,299)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the presentation of these financial statements have been designed to conform to generally accepted accounting principles as applicable to governmental units in accordance with the Governmental Accounting Standards Board.

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The operations of the Property Appraiser are funded by the Board. The receipts from the Board are recorded as other financing sources on the Property Appraiser's financial statements and as other financing uses on the Board's financial statements. Any excess of revenues and other financing sources received over expenditures are remitted to the Board after the end of the fiscal year.

Basis of Presentation

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

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

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

Measurement Focus

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

Basis of Accounting

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Budgetary Requirements

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

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

	Total Expenditures	Total Revenue
GAAP basis	\$ 460,032	\$ 460,032
Non-budgeted revenues and expenditures:		
Revenues other than appropriations from the Board of County Commissioners and related expenditures	(10,160)	(10,160)
Budgetary basis	\$ 449,872	\$ 449,872

Cash and Cash Equivalents

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

Capital Assets and Depreciation

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

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

Furniture, machinery, and equipment	3-30 years
-------------------------------------	------------

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accumulated Compensated Absences

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

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

Risk Management and Insurance

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

Management Estimates and Assumptions

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

NOTE 2 – DEPOSITS AND INVESTMENTS

At September 30, 2010, the carrying amount of the Property Appraiser's cash and cash equivalents was \$-0- and the bank balance was \$48,267. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

Credit Risk

At September 30, 2010, the Property Appraiser did not hold any deposits or investments that were considered to have credit risk.

Interest Rate Risk

At September 30, 2010, the Property Appraiser did not hold any investments.

Custodial Credit Risk

At September 30, 2010, the Property Appraiser did not hold any deposits or investments that were considered to have custodial risk.

Concentration of Credit Risk

At September 30, 2010, the Property Appraiser did not hold any investments.

NOTE 3 – LONG-TERM LIABILITIES

The Property Appraiser’s long-term liabilities are reported in the statement of net assets in the County’s financial statements.

Long-term liability activity for the year ended September 30, 2010, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Compensated absences	\$ 15,981	\$ -	\$ 8,537	\$ 7,444	\$ -
Total	\$ 15,981	\$ -	\$ 8,537	\$ 7,444	\$ -

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

NOTE 3 – LONG-TERM LIABILITIES (CONTINUED)

Accrued compensated absences represent the vested portion of accrued vacation and sick leave. See Note 1 for a summary of the Property Appraiser’s policy regarding compensated absences. Records kept for compensated absences relate only to hours earned, used and available. Accordingly, only the net changes in compensated absences are presented.

NOTE 4 – EMPLOYEE PENSION PLAN

In accordance with Florida Law, the Property Appraiser participates in the Florida Retirement System (FRS), a multiple-employer cost sharing defined benefit public retirement system administered by the State of Florida, Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by contacting the State of Florida Division of Retirement, Tallahassee, Florida 32399-1650, or by accessing their internet site at www.frs.state.fl.us/frs/public/annual.

The System provides vesting benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Retirement coverage is employee noncontributory. The employer pays all contributions.

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

	10/01/09 Through 06/30/10	07/01/10 Through 09/30/10
Regular employees	9.85%	10.77%
Elected county officials’ class	16.53%	18.64%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 01, 2009 through September 30, 2010, the total payroll for the Property Appraiser employees covered by the System was \$268,019. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2010, 2009 and 2008 were \$30,005, \$29,361 and \$29,623 respectively, which equal the required contributions. For the year ended September 30, 2010 retirement contributions represent 11.20% of covered payroll.

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

NOTE 5 – EXCESS REVENUE

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

Supplementary Information

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

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

We have audited the special-purpose financial statements of the Jefferson County, Florida, Property Appraiser (the "Property Appraiser") as of and for the year ended September 30, 2010, and have issued our report thereon dated December 17, 2010. 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's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Property Appraiser's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Property Appraiser's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described below that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

PRIOR YEAR FINDING: Need for Segregation of Duties

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

RECOMMENDATION: We realize that due to the limited number of employees and certain incompatible duties being performed by the same employee, it is difficult to achieve ideal separation of duties. Nevertheless, internal control is strengthened when incompatible duties are separated and review procedures are established and adhered to. At a minimum, we recommend the Property Appraiser receive and review the unopened bank statements each month.

STATUS: This condition continues to exist.

Preparation of GAAP-based Financial Statements

COMMENT: The Property Appraiser has a capable individual providing bookkeeping services; however the Property Appraiser does not have an individual on staff with the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles (GAAP). Management relies on Carr, Riggs and Ingram to prepare their annual financial statements including the note disclosures.

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

STATUS: This condition continues to exist.

Compliance and Other Matters

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

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

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

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

Car, Riggs & Ingram, L.L.C.

December 17, 2010



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

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

We have audited the accompanying financial statements of the Jefferson County, Florida, Property Appraiser, (the "Property Appraiser"), as of and for the year ended September 30, 2010, and have issued our report thereon dated December 17, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, which is dated December 17, 2010, and 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. This letter includes the following information, which is not included in the aforementioned auditors' report:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Significant findings and recommendations made in the preceding annual financial audit report have not been corrected.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include 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 Property Appraiser complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations that improve financial management. In connection with our audit, we did not have any such recommendations.

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

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but, more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts or abuse (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This information was disclosed in the notes to the Financial Statements.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Jefferson County, Florida, Property Appraiser, the Board of County Commissioners, the Florida Auditor General and appropriate federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

Cary Riggs & Ingram, L.L.C.

December 17, 2010



Jefferson County
Office Of The Property Appraiser

Angela Gray, Property Appraiser

December 17, 2010

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


Re: 2009-2010 Audit

Dear Mr. Martin,

This is in reply to the auditor's findings and recommendations contained in my audit report for the year ended September 30, 2010.

Please be advised that although I agree with the auditor's findings and recommendations, the cost/benefit ratio is far too costly for this office to hire additional personnel to accomplish adequate segregation of duties and to prepare financial statements on our own. Accordingly, I will continue to utilize the current procedures regarding review of all bank statements by me prior to them being given to the person responsible for the bank reconciliations each month and I will continue to utilize Carr, Riggs & Ingram to prepare my financial statements each year.

Respectfully,



Angela C. Gray, Property Appraiser
Jefferson County, Florida

**Jefferson County, Florida
Sheriff**

Special-Purpose Financial Statements

September 30, 2010

Jefferson County, Florida
Sheriff
Table of Contents
September 30, 2010

Independent Auditors' Report	1-2
Special-Purpose Financial Statements	
Special-Purpose Balance Sheet - Governmental Fund	3
Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	4
Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	5
Special-Purpose Statement of Fiduciary Net Assets - Agency Funds	6
Notes to Special-Purpose Financial Statements	7-14
Supplementary Information	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15-16
Independent Auditors' Management Letter	17-18
Management's Response	19



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying special-purpose financial statements of the Jefferson County, Florida, Sheriff (the "Sheriff") as of and for the year ended September 30, 2010, as listed in the table of contents. These special-purpose financial statements are the responsibility of management of the Sheriff. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the fiduciary fund type of the Sheriff as of September 30, 2010, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 8, 2010, on our consideration of the Sheriff's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Carly Riggs & Ingram, L.L.C.

Tallahassee, Florida
December 8, 2010

Special-Purpose Financial Statements

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

September 30, 2010

	General Fund
Assets	
Cash	\$ 1,274
Total assets	\$ 1,274
Liabilities	
Due to others	\$ 1,274
Total liabilities	1,274
Fund balances	
Designated	-
Total liabilities and fund balances	\$ 1,274

See accompanying notes to financial statements.

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

For the year ended September 30, 2010

	General Fund
Revenues	
Grants	\$ 211,919
Total revenues	211,919
Expenditures	
Current:	
Public safety and health - Personal services	2,727,222
Public safety and health - Operating expenses	661,551
Capital outlay	134,882
Total expenditures	3,523,655
Excess (deficiency) of revenues over (under) expenditures	(3,311,736)
Other financing sources (uses)	
Transfers in	3,311,739
Transfers out	(3)
Net other financing sources (uses)	3,311,736
Net change in fund balance	-
Fund balance - beginning	-
Fund balance - ending	\$ -

See accompanying notes to financial statements.

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

For the year ended September 30, 2010

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 331,142	\$ 331,142	\$ 211,919	\$ (119,223)
Total revenues	331,142	331,142	211,919	-
Expenditures				
Current:				
Public safety and health - Personal services	2,735,752	2,735,752	2,727,222	8,530
Public safety and health - Operating expenses	812,129	812,129	661,551	150,578
Capital outlay	95,000	95,000	134,882	(39,882)
Total expenditures	3,642,881	3,642,881	3,523,655	119,226
Excess (deficiency) of revenues over (under) expenditures	(3,311,739)	(3,311,739)	(3,311,736)	3
Other financing sources (uses)				
Transfers in	3,311,739	3,311,739	3,311,739	-
Transfers out	-	-	(3)	(3)
Total other financing sources	3,311,739	3,311,739	3,311,736	(3)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

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

September 30, 2010

	Agency Funds	
Assets		
Cash	\$	94,746
Total assets	\$	94,746
Liabilities		
Due to others	\$	94,746
Total liabilities	\$	94,746

See accompanying notes to financial statements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

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

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

The operations of the Sheriff are primarily funded by the Board. The receipts from the Board are recorded as other financing sources on the Sheriff's financial statements and as other financing uses on the Board's financial statements. Any excess of revenues and other financing sources received over expenditures are remitted to the Board at year-end.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

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

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

The Sheriff also reported the following fund type:

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

Measurement Focus

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

Basis of Accounting

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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

Major revenue sources susceptible to accrual include: intergovernmental revenues and investment income. In general, charges for services and other revenue are recognized as earned.

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

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

Budgetary Requirements

Florida Statutes, Chapter 218.35 and 195.087, details the preparation, adoption and administration of the Sheriff's annual budget. The Sheriff establishes an annual balanced budget for his office which displays the revenues available to the office and the functions for which the money is to be expended. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

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

Cash

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets and Depreciation

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

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

Furniture, machinery, and equipment	3-30 years
-------------------------------------	------------

Accumulated Compensated Absences

Permanent full-time employees of the Sheriff are entitled to earn vacation and sick time depending on the length of employment. Upon separation of employment, employees can be paid up to 80 hours vacation time and 25% of unused sick time.

The Sheriff's accumulated compensated absences are reported in the statement of net assets in the County's financial statements.

Due to Others

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

Risk Management and Insurance

The Sheriff participates in the Florida Sheriff Self-Insurance Fund, which is considered a public entity risk pool which purchases insurance policies on behalf of its members. The pool's members are not obligated for risk associated with such coverage. Coverage under these programs includes:

- General liability
- Automobiles
- Money and securities coverage

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

In addition, the Sheriff participates in the Florida Self-Insurance Fund for risks related to professional liability and public officials' coverage. The funding agreement provides that the liability fund will be self-sustaining through member premiums and that it will reinsure through commercial companies. Aggregate coverage provided by the liability fund is \$3,500,000 for professional liability and \$3,500,000 for public officials' coverage.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management Estimates and Assumptions

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

Subsequent Events

Subsequent events have been evaluated through the date of the auditors' report.

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2010, the carrying amount of the Sheriff's cash and cash equivalents and restricted cash was \$94,140 and the bank balance was \$240,316. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

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

Credit Risk

At September 30, 2010, the Sheriff did not hold any deposits or investments that were considered to have credit risk.

Interest Rate Risk

At September 30, 2010, the Sheriff did not hold any investments that were considered to have interest rate risk.

Custodial Credit Risk

At September 30, 2010, the Sheriff did not hold any deposits or investments that were considered to have custodial credit risk.

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

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

At September 30, 2010, the Sheriff did not hold any investments that were considered to have concentration of credit risk.

NOTE 3 - LONG-TERM LIABILITIES

The Sheriff's long-term liabilities activity is reported in the statement of net assets in the County's financial statements.

Long-term liabilities activity for the year ended September 30, 2010, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Compensated absences	\$ 88,937	\$ 17,836	\$ -	\$ 106,773	\$ 25,625
Total	\$ 88,937	\$ 17,836	\$ -	\$ 106,773	\$ 25,625

Accrued compensated absences represent the vested portion of accrued vacation, sick leave, and compensatory time. See Note 1 for a summary of the Sheriff's policy regarding compensated absences. Records kept for compensated absences relate only to hours earned, used and available. Accordingly, only the net changes in compensated absences are presented.

NOTE 4 - EMPLOYEE PENSION PLAN

In accordance with Florida Law, the Sheriff participates in the Florida Retirement System (FRS), a cost-sharing, multiple-employer cost sharing defined benefit public retirement system administered by the State of Florida Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by contacting the State of Florida Division of Retirement, Tallahassee, Florida 32399-1650, or by accessing their internet site at www.frs.state.fl.us/frs/public/annual.

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

NOTE 4 - EMPLOYEE PENSION PLAN (CONTINUED)

The System provides vesting benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Retirement coverage is employee noncontributory. The employer pays all contributions.

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

	10/1/09 Through 09/30/10
Regular employees	9.85% - 10.77%
Senior management	13.12% - 14.57%
Elected county officials' class	16.53% - 18.64%
Special risk employees	20.92% - 23.25%
Drop participants	10.91% - 12.25%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2009 through September 30, 2010, the total payroll for all employees was \$1,959,046 and the retirement contributions for all employees covered by FRS were \$325,303 which were the required contributions. These contributions represented 16.60% of covered payroll. During the years ended September 30, 2010, 2009 and 2008 the Jefferson County Sheriff contributed \$325,303, \$309,218 and \$307,295, respectively, to the system for covered employees. These contributions represent 100% of the Sheriff's required contributions.

NOTE 5 - GRANTS

The Sheriff participates in several state and federal grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended September 30, 2010, as well as prior years, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the Sheriff's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined, although the Sheriff expects such amounts, if any, to be immaterial.

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

NOTE 6 - LITIGATION AND CONTINGENT LIABILITIES

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

NOTE 7 - EXCESS REVENUES

Pursuant to Section 218.36(2), Florida Statutes, each County Officer shall pay into the county general fund all money in excess of the sum to which he or she is entitled under the provisions of Chapter 145. Excess revenues over expenditures returned to the Board of County Commissioners as required by Florida Statutes are accrued and reported as a transfer out. The Sheriff's general fund ended the current year with excess funds of \$3.

Supplementary Information



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

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

We have audited the special-purpose financial statements of the Jefferson County, Florida, Sheriff (the "Sheriff") as of and for the year ended September 30, 2010, and have issued our report thereon dated December 8, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described below that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

PRIOR YEAR FINDINGS AND RECOMMENDATIONS:

Need for Segregation of Duties

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

RECOMMENDATION: We realize that due to the limited number of employees and certain incompatible duties being performed by the same employee, it is difficult to achieve ideal separation of duties. Nevertheless, internal control is strengthened when incompatible duties are separated and review procedures are established and adhered to.

STATUS: This condition continues to exist.

Preparation of GAAP-based Financial Statements

COMMENT: The Sheriff has a capable individual providing bookkeeping services; however the Sheriff does not have an individual on staff with the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles (GAAP). Management relies on Carr, Riggs and Ingram to prepare their annual financial statements including the note disclosures.

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

STATUS: This condition continues to exist.

Compliance and Other Matters

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

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

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

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

December 8, 2010



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INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

We have audited the accompanying financial statements of the Jefferson County, Sheriff (the Sheriff), as of and for the year ended September 30, 2010, and have issued our report thereon dated December 8, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 8, 2010. Disclosures in that report, if any, should be considered in conjunction with this management letter.

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

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. See the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Jefferson County, Florida, Sheriff complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address any recommendations to improve the local governmental entity's financial management. In connection with our audit, we do not have any such recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

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

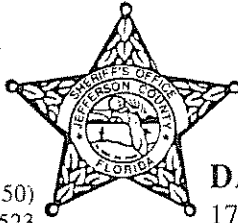
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse; and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Jefferson County, Florida, Sheriff was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Jefferson County, Florida Sheriff.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of the Jefferson County, Florida Sheriff, the Board of County Commissioners and the Florida Auditor General and appropriate federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

Carri Riggs & Ingram, L.L.C.

Tallahassee, Florida
December 8, 2010

Sheriff



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

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

November 16, 2010

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

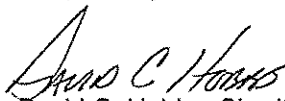
Re: 2009-2010 Audit

Dear Mr. Martin,

This is in reply to my auditor's findings and recommendations contained in my audit report for the year ended September 30, 2010.

Please be advised that although I agree with the auditor's findings and recommendations, the cost/benefit ratio is far too costly for this office to hire additional personnel to accomplish adequate segregation of duties and to prepare financial statements on our own. Accordingly, I will continue to utilize the current procedures regarding review of all bank statements by me prior to them being given to the person responsible for the bank reconciliations each month and I will continue to utilize Carr, Riggs & Ingram to prepare my financial statements each year.

Respectfully,


David C. Hobbs, Sheriff
Jefferson County, Florida

**Jefferson County, Florida
Supervisor of Elections**

Special-Purpose Financial Statements

September 30, 2010

Jefferson County, Florida
Supervisor of Elections
Table of Contents
September 30, 2010

Independent Auditors' Report	1 – 2
Special-Purpose Financial Statements	
Special-Purpose Balance Sheet – Governmental Fund	3
Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	4
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	5
Notes to Special-Purpose Financial Statements	6 – 11
Supplementary Information	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	12 – 14
Independent Auditors' Management Letter	15 – 16
Management's Response	17



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying special-purpose financial statements of The Jefferson County, Florida Supervisor of Elections, as of and for the year ended September 30, 2010, as listed in the table of contents. These special-purpose financial statements are the responsibility of management of the Supervisor of Elections. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Supervisor of Elections as of September 30, 2010, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 15, 2010 on our consideration of the Supervisor of Elections' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

December 15, 2010

Special-Purpose Financial Statements

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

September 30, 2010

	General Fund
Assets	
Cash and cash equivalents	\$ 15,867
Total assets	\$ 15,867
Liabilities	
Due to Board of County Commissioners	\$ 12,189
Deferred revenue	3,678
Total liabilities	15,867
Fund balance	-
Total liabilities and fund balance	\$ 15,867

See accompanying notes to financial statements.

Jefferson County, Florida
Supervisor of Elections
Special-Purpose Statement of Revenues, Expenditures, and
Changes in Fund Balance
Governmental Funds

For the year ended September 30, 2010

	General Fund
Revenues	
Grants	\$ 1,750
Investment earnings	33
Other fees and miscellaneous revenue	-
Total revenues	1,783
Expenditures	
General government	
Personal services	129,034
Operating expenses	73,045
Total expenditures	202,079
Excess (deficiency) of revenues over (under) expenditures	(200,296)
Other financing sources (uses)	
Transfers in	212,485
Transfers out	(12,189)
Net other financing sources (uses)	200,296
Net change in fund balances	-
Fund balance, beginning	-
Fund balance, ending	\$ -

See accompanying notes to financial statements.

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

For the year ended September 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Grants	\$ -	\$ -	\$ 1,750	\$ 1,750
Investment earnings	-	-	33	33
Other fees and miscellaneous revenue	-	-	-	-
Total revenues	-	-	1,783	1,783
Expenditures				
General government				
Personal services	129,385	129,385	129,034	351
Operating expenses	83,100	83,100	73,045	10,055
Total expenditures	212,485	212,485	202,079	10,406
Excess (deficiency) of revenues over (under) expenditures	(212,485)	(212,485)	(200,296)	12,189
Other financing sources (uses)				
Transfer in	212,485	212,485	212,485	-
Transfer out	-	-	(12,189)	(12,189)
Net other financing sources (uses)	212,485	212,485	200,296	(12,189)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

See accompanying note to financial statements.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

The operations of the Supervisor are primarily funded by the Board. The receipts from the Board are recorded as other financing sources on the Supervisor's financial statements and as other financing uses on the Board's financial statements. Any excess of revenues and other financing sources received over expenditures are remitted to the Board at year-end.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

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

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

Measurement Focus

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

Basis of Accounting

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash

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

Capital Assets and Depreciation

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

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

Furniture, machinery, and equipment	3-30 years
-------------------------------------	------------

Budgetary Requirements

Florida Statutes, Chapter 129 details the preparation, adoption and administration of the Supervisor's annual budget. The Supervisor establishes an annual balanced budget for the office which displays the revenues available to the office and the functions for which the money is to be expended. The budgeted revenues and expenditures in the accompanying financial statements reflect all amendments approved by the Board of County Commissioners. The budget is prepared on a basis consistent with generally accepted accounting principles.

Risk Management and Insurance

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

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

Management Estimates and Assumptions

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS

At September 30, 2010, the carrying amount of the Supervisor's cash and cash equivalents and restricted cash was \$15,867 and the bank balance was \$28,247. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

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

CREDIT RISK

At September 30, 2010, the Supervisor did not hold any deposits or investments that were considered to have credit risk.

INTEREST RATE RISK

At September 30, 2010, the Supervisor did not hold any investments that were considered to have interest rate risk.

CUSTODIAL CREDIT RISK

At September 30, 2010, the Supervisor did not hold any deposits or investments that were considered to have custodial credit risk.

CONCENTRATION OF CREDIT RISK

At September 30, 2010, the Supervisor did not hold any investments that were considered to have concentration of credit risk.

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

NOTE 3 – EMPLOYEE PENSION PLAN

In accordance with Florida Law, the Supervisor participates in the Florida Retirement System (FRS), a multiple-employer cost sharing defined benefit public retirement system administered by the State of Florida, Department of Administration, Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by contacting the State of Florida Division of Retirement, Tallahassee, Florida 32399-1650, or by accessing their internet site at www.frs.state.fl.us/frs/public/annual.

The System provides vesting benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Retirement coverage is employee noncontributory. The employer pays all contributions.

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

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

	10/01/09 Through <u>06/30/10</u>	07/01/10 Through <u>09/30/10</u>
Regular employees	9.85%	10.77%
Elected county officials' class	16.53%	18.64%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 01, 2009 through September 30, 2010, the total payroll for the Supervisor's employees covered by the System was \$105,175. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2010, 2009 and 2008 were \$16,234, \$15,563 and \$15,662 respectively, which were the required contributions. For the year ended September 30, 2010 retirement contributions represent 15.09% of covered payroll.

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

NOTE 4 – EXCESS REVENUE

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

NOTE 5 – GRANTS

The Supervisor participates in two state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended September 30, 2010, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the Supervisor's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined, although the Supervisor expects such amounts, if any, to be immaterial.

Supplementary Information



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

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

We have audited the special-purpose financial statements of the Jefferson County, Florida, Supervisor of Elections (the "Supervisor of Elections") as of and for the year ended September 30, 2010, and have issued our report thereon dated December 15, 2010. 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' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Supervisor of Elections' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Supervisor of Elections' internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described below, that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

PRIOR YEAR FINDINGS AND RECOMMENDATIONS:

Need for Segregation of Duties

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

RECOMMENDATION: We realize that due to the limited number of employees and certain incompatible duties being performed by the same employee, it is difficult to achieve ideal separation of duties. Nevertheless, internal control is strengthened when incompatible duties are separated and review procedures are established and adhered to.

STATUS: This condition continues to exist.

Preparation of GAAP-based Financial Statements

COMMENT: The Supervisor of Elections has a capable individual providing bookkeeping services; however the Supervisor of Elections does not have an individual on staff with the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles (GAAP). Management relies on Carr, Riggs and Ingram to prepare their annual financial statements including the note disclosures.

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

STATUS: This condition continues to exist.

Compliance and Other Matters

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

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

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

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

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

December 15, 2010

INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Marty Bishop,
Supervisor of Elections of Jefferson County, Florida
Monticello, 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, 2010, and have issued our report thereon dated December 15, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, which is dated December 15, 2010, and 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. This letter includes the following information, which is not included in the aforementioned auditors' reports:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have not been taken to address significant findings and recommendations made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include 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, Supervisor of Elections complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations that improve financial management. In connection with our audit, we did not have any such recommendations.

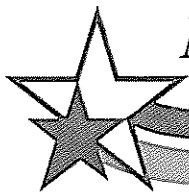
To the Honorable Marty Bishop,
Supervisor of Elections of Jefferson County, Florida
Monticello, Florida

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but, more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts or abuse and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This item was disclosed in the notes to the financial statements.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Jefferson County, Florida, Supervisor of Elections, the Board of County Commissioners, the Florida Auditor General and appropriate federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

Carri Riggs & Ingram, L.L.C.

December 15, 2010



Marty Bishop

*Jefferson County
Supervisor of Elections*

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December 15, 2010

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

Re: 2009-2010 Audit

Dear Mr. Martin,

This is in reply to the auditor's findings and recommendations contained in my audit report for the year ended September 30, 2010.

Please be advised that although I agree with the auditor's findings and recommendations, the cost/benefit ratio is far too costly for this office to hire additional personnel to accomplish adequate segregation of duties and to prepare financial statements on our own. Accordingly, I will continue to utilize the current procedures regarding review of all bank statements by me prior to them being given to the person responsible for the bank reconciliations each month and I will continue to utilize Carr, Riggs & Ingram to prepare my financial statements each year.

Respectfully,

Marty Bishop, Supervisor of Elections
Jefferson County, Florida

**Jefferson County, Florida
Tax Collector**

Special-Purpose Financial Statements

September 30, 2010

Jefferson County, Florida
Tax Collector
Table of Contents
September 30, 2010

Independent Auditors' Report	1 - 2
Special-Purpose Financial Statements	
Special-Purpose Balance Sheet – Governmental Fund	3
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund	4
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	5
Special-Purpose Statement of Fiduciary Net Assets – Agency Funds	6
Notes to Special-Purpose Financial Statements	7 - 12
Reports	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	13 - 15
Independent Auditors' Management Letter	16 - 17
Management's Response	18



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying special-purpose financial statements of the Jefferson County, Florida Tax Collector, as of September 30, 2010, as listed in the table of contents. These special-purpose financial statements are the responsibility of Jefferson County, Florida Tax Collector. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities as well as the fiduciary fund type of the Jefferson County, Florida Tax Collector, as of September 30, 2010, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 13, 2010 on our consideration of The Jefferson County, Florida Tax Collector's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

December 13, 2010

Special-Purpose Financial Statements

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

September 30, 2010

		General Fund
Assets		
Cash	\$	99,201
Due from Board of County Commissioners		49,240
<hr/>		
Total assets	\$	148,441
<hr/> <hr/>		
Liabilities		
Due to Board of County Commissioners	\$	148,441
<hr/>		
Total liabilities		148,441
<hr/>		
Fund balance		
		-
<hr/>		
Total liabilities and fund balance	\$	148,441
<hr/> <hr/>		

See accompanying notes to financial statements.

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

For the year ended September 30, 2010

	General Fund
Expenditures	
General government	
Personal services	\$ 273,252
Operating expenses	61,836
Total expenditures	335,088
Excess (deficiency) of revenues over (under) expenditures	(335,088)
Other financing sources (uses)	
Transfers in	436,838
Transfers out	(101,750)
Net other financing sources (uses)	335,088
Net change in fund balance	-
Fund balance - beginning	-
Fund balance - ending	\$ -

See accompanying notes to financial statements.

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

For the year ended September 30, 2010

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Expenditures				
General government				
Personal services	\$ 325,000	\$ 325,000	\$ 273,252	\$ 51,748
Operating expenses	111,838	111,838	61,836	50,002
Total expenditures	436,838	436,838	335,088	101,750
Excess (deficiency) of revenues over (under) expenditures	(436,838)	(436,838)	(335,088)	101,750
Other financing sources (uses)				
Transfers in	436,838	436,838	436,838	-
Transfers out	-	-	(101,750)	(101,750)
Net other financing sources (uses)	436,838	436,838	335,088	(101,750)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

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

September 30, 2010

	Agency Funds
<hr/>	
Assets	
Cash	\$ 1,100,023
<hr/>	
Total assets	\$ 1,100,023
<hr/>	
Liabilities	
Due to other governments	\$ 1,100,023
<hr/>	
Total liabilities	\$ 1,100,023
<hr/>	

See accompanying notes to financial statements

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Jefferson County, Florida 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.

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

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

Fund Accounting

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

Governmental Fund:

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

Fiduciary Funds:

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus

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

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

Basis of Accounting

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

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

Budgetary Requirements

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

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

Cash

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets and Depreciation

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.

Due to Others

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

Accumulated Compensated Absences

Permanent full-time employees of the Tax Collector are entitled to accrue personal leave time based upon the County's personnel policy related to the length of employment with the Tax Collector's office. Upon separation from employment, employees can be paid for unused leave in accordance with the County's personnel policy.

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

Property Tax Collections

Chapter 197, Florida Statutes, governs property tax collections.

Current Taxes

All property taxes become due and payable on November 1, and are delinquent on April 1 of the following year. Discounts of 4%, 3%, 2% and 1% are allowed for early payment in November through February, respectively.

Unpaid Taxes - Sale of Tax Certificates

The Tax Collector advertises, as required by Florida Statutes, and then sells tax certificates on all real property for unpaid taxes. Certificates not purchased are issued to the County. Any person owning real property upon which a tax certificate has been sold may redeem the certificate by paying the Tax Collector the face amount of the tax certificate plus interest and other costs.

Tax Deeds

The owner of a tax certificate may, after two years of holding a certificate (after April 1), file an application for tax deed sale. The County, as a certificate owner, may exercise similar procedures two years after taxes have been delinquent (after April 1). Tax deeds are issued to the highest bidder for the property, which is sold at public auction. The Clerk of the Court administers these sales.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Risk Management and Insurance

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

Management Estimates and Assumptions

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

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.

Subsequent Events

Subsequent events have been evaluated through the date of the auditor's report.

NOTE 2 – DEPOSITS AND INVESTMENTS

At September 30, 2010, the carrying amount of the Tax Collector's cash and cash equivalents was \$1,199,224 and the bank balance was \$773,957. The balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk

At September 30, 2010, the Tax Collector did not hold any deposits or investments that were considered to have credit risk.

Interest Rate Risk

At September 30, 2010, the Tax Collector did not hold any investments.

Custodial Credit Risk

At September 30, 2010, the Tax Collector did not hold any deposits or investments that were considered to have custodial risk.

Concentration of Credit Risk

At September 30, 2010, the Tax Collector did not hold any investments.

NOTE 3 – LONG-TERM LIABILITIES

The Tax Collector's long-term liabilities are reported in the statement of net assets in the County's financial statements.

Long-term liability activity for the year ended September 30, 2010, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Compensated absences	\$ 8,701	\$ 870	\$ 1,312	\$ 8,259	\$ -
Total	\$ 8,701	\$ 870	\$ 1,312	\$ 8,259	\$ -

Accrued compensated absences represent the personal leave balances at September 30, 2010. See Note 1 for a summary of the Tax Collector's policy regarding compensated absences. Records kept for compensated absences relate only to hours earned, used and available. Accordingly, only the net changes in compensated absences are presented.

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

NOTE 4 – EMPLOYEE BENEFITS

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

The System provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Retirement coverage is noncontributory for employees. The employer pays all contributions.

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

	10-1-09 Through 9-30-10
Regular employees	9.85 – 10.77%
Elected county officials' class	16.53 – 18.64%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 01, 2009 through September 30, 2010, the total payroll for the Tax Collector's employees covered by the System was \$215,901. The retirement contributions for all employees covered by the FRS for the years ended September 2010, 2009 and 2008 were \$27,505, \$27,599 and \$27,671 which were the required contributions. For the year ended September 30, 2010 retirement contributions represent 12.15% of covered payroll.

NOTE 5 – EXCESS REVENUE

Pursuant to Section 218.36(2), Florida Statutes, any excess revenues over expenditures determined as of the fiscal year end, "...is returned to each governmental unit in the same proportion as the fees paid by the governmental unit bear to the total fee income of the Tax Collector." For the year ending September 30, 2010, excess revenues over expenditures of \$101,750 are accrued and reported as a transfer out.

Reports



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

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

We have audited the combined financial statements of governmental activities, each major fund, and the aggregate remaining fund information of the Tax Collector of Jefferson County, Florida, as of and for the year ended September 30, 2010, and have issued our report thereon dated December 13, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described below that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

PRIOR YEAR FINDINGS AND RECOMMENDATIONS:

Tax Account Reconciliation

COMMENT: At year end, the Tax Collector cash balance should reconcile to installments collected for next year's taxes and other amounts collected. We noted the Tax Collector's tax account had approximately \$31,179 of undisbursed taxes and fees in excess of these items.

RECOMMENDATION: We recommend the Tax Collector disburse all taxes and fees timely and reconcile the tax account monthly.

STATUS: This condition continues to exist.

Need for Segregation of Duties

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

RECOMMENDATION: We realize that due to the limited number of employees and certain incompatible duties being performed by the same employee, it is difficult to achieve ideal separation of duties. Nevertheless, internal control is strengthened when incompatible duties are separated and review procedures are established and adhered to. At a minimum, we recommend the Tax Collector receive and review the unopened bank statements each month.

STATUS: This condition continues to exist.

Preparation of GAAP-based Financial Statements

COMMENT: The Tax Collector has a capable individual providing bookkeeping services; however, the Tax Collector does not have an individual on staff with the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles (GAAP). Management relies on Carr, Riggs and Ingram to prepare their annual financial statements including the note disclosures.

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

STATUS: This condition continues to exist.

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

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*.

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

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

Carri Riggs & Ingram, L.L.C.

December 13, 2010



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INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

We have audited the accompanying financial statements of the Jefferson County, Tax Collector (the Tax Collector), as of and for the year ended September 30, 2010, and have issued our report thereon dated December 13, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 13, 2010. Disclosures in that report, if any, should be considered in conjunction with this management letter.

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

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. See the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include 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, Tax Collector complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address any recommendations to improve the local governmental entity's financial management. In connection with our audit, we do not have any such recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

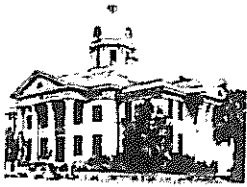
To the Honorable Lois H. Hunter
Tax Collector of Jefferson County, Florida
Monticello, Florida

- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse; and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Jefferson County, Florida, Tax Collector was established by the Constitution of the State of Florida, Article VIII, Section 1(d). This information is disclosed in the notes to the financial statements.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of the Jefferson County, Florida Tax Collector, the Board of County Commissioners and the Florida Auditor General and appropriate federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

Carv, Riggs & Ingram, L.L.C.

Tallahassee, Florida
December 13, 2010



Lois H. Hunter, C.F.C.

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

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

December 13, 2010

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

Re: 2009-2010 Audit

Dear Mr. Martin,

This is in reply to our auditor's findings and recommendations contained in my audit report for the year ended September 30, 2010. Please be advised that although I agree with the auditor's findings and recommendations, the cost/benefit is far too costly for this office to hire additional personnel to accomplish adequate segregation of duties and to prepare financial statements on our own. Accordingly, I will continue to utilize the current procedures regarding review of unopened bank statements each month and will continue to utilize Carr, Riggs & Ingram to prepare financial statements each year.

I am in the process of reconciling my Tax Account and will distribute any excess funds to the various taxing authorities upon completion of the reconciliation. This account will be reconciled with the cash balance each month going forward.

Respectfully,

A handwritten signature in cursive script that reads "Lois H. Hunter". The signature is written in black ink and is positioned above the printed name and title.

Lois H. Hunter
Tax Collector of Jefferson County, Florida