

# **Jefferson County, Florida**

## **Financial Statements**

**September 30, 2011**

**Jefferson County, Florida  
FINANCIAL STATEMENTS  
September 30, 2011**

**BOARD OF COUNTY COMMISSIONERS**

**Stephen Fulford - District 1  
John Nelson - District 2  
Hines Boyd - District 3  
Betsy Barfield - District 4  
Danny Monroe, III - District 5**

**CLERK OF THE CIRCUIT COURT  
Kirk Reams**

**SHERIFF  
David Hobbs**

**TAX COLLECTOR  
Lois Howell Hunter**

**PROPERTY APPRAISER  
Angela Gray**

**SUPERVISOR OF ELECTIONS  
Marty Bishop**

**COUNTY ATTORNEY  
T. Buckingham Bird**

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

**Jefferson County, Florida**  
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**September 30, 2011**

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**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, 2011, 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, 2011, 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 June 20, 2012, 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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3.1 to 3.6 and budgetary comparison information on pages 10 to 12 be presented to supplement the basic statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing and comparing and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Jefferson County, Florida's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 Chapter 10.550 of the Rules of the Auditor General State of Florida and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the Schedule of Expenditure of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied to the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects to the basic financial statements as a whole.

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

June 20, 2012

## **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, 2011. 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 \$289,739, or 2.12%. The County does not have any business-type activities.
- During the year, the County generated tax and other revenues of \$289,739 more than the \$16.063 million of its primary governmental program expenses. For comparison, last year revenues exceeded expenses by \$1,044,073.
- The total cost of the County's programs decreased by \$5.947 million from the preceding year (a drop of 27.25%).

### **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 long-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

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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

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### THE COUNTY AS A WHOLE

The County's net assets increased by \$289,739 from a year ago. Our analysis is detailed below regarding Table 1, net assets and Table 2, changes in net assets.

Cash and other assets	\$ 10,272,527	\$ 9,882,045
Capital assets - net	<u>8,576,771</u>	<u>8,994,350</u>
Total assets	<u>18,849,298</u>	<u>18,876,395</u>
Long-term debt outstanding	4,084,442	4,187,090
Other liabilities	<u>824,096</u>	<u>1,038,284</u>
Total liabilities	<u>4,908,538</u>	<u>5,225,374</u>
Net assets:		
Invested in capital assets, net of debt	6,229,471	6,527,288
Restricted	7,179,857	1,448,890
Unrestricted	<u>531,432</u>	<u>5,674,843</u>
Total net assets	<u>\$ 13,940,760</u>	<u>\$ 13,651,021</u>

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

Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, decreased by \$5,143,411 (or 90.64%) over the prior year. Restricted net assets increased by \$5,730,967 (or 395.54%) from the prior year.

**Table 2  
Changes in Net Assets**

	<b>Governmental Activities</b>	
	<u>9/30/2011</u>	<u>9/30/2010</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 1,573,035	\$ 1,646,854
Federal and state grants	2,286,429	7,424,509
General revenues:		
Property and other taxes	9,979,630	10,255,736
Intergovernmental revenues	-	-
Other general revenues	<u>2,514,246</u>	<u>2,406,050</u>
Total revenues	<u>16,353,340</u>	<u>21,733,149</u>
<b>Program expenses:</b>		
General government	4,314,470	3,817,911
Transportation	2,249,937	7,843,927
Public safety and judiciary	6,683,024	6,210,901
Health and sanitation	1,363,430	1,302,650
Economic development	930,787	981,290
Culture and recreation	365,877	367,495
Interest on long-term debt	<u>156,076</u>	<u>164,902</u>
Total program expenses	<u>16,063,601</u>	<u>20,689,076</u>
Increase (decrease) in net assets	<u>\$ 289,739</u>	<u>\$ 1,044,073</u>

The County's total revenue decreased by 24.75%, or \$5,379,809 during the year while total expenses decreased by 22.36%, or \$4,625,475. The county experienced a drop in the amount of grants it accepted and in charges for services. Tax revenues also dropped from from the prior year.

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

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**THE COUNTY'S FUNDS**

The County's governmental funds (as presented in the balance sheet on page 6) reported a *combined* fund balance of \$9.448 million, which is an increase of \$604,671 over the prior year. Included in this year's total change in fund balance is a decrease of \$278,851 in the County's general fund balance. The general fund had an excess of expenditures over revenues of \$424,614 and net transfers from other funds of \$145,763 resulting in the decrease 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 \$912,409 and had net transfers to other funds of \$849,310 resulting in an increase in fund balance of \$63,099.
- The transportation trust fund incurred a deficit of expenditures over revenues of \$464,736 and net other financing sources of \$578,676 resulting in an increase in fund balance of \$113,940.

**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.

Operating expenditures were less than appropriations primarily in the areas of the general County operations, court operations, and human services.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The County had \$8.577 million, net of depreciation, invested in a broad range of capital assets, including land, buildings, roads, bridges, park facilities and equipment. The net decrease over last year of \$417,580 includes capital additions of \$472,143, disposals of (\$18,938) and depreciation of (\$870,785). Table 3 below details the composition of these assets.

**(Net of Depreciation)**

	<b>Governmental Activities</b>	
	<b><u>9/30/2011</u></b>	<b><u>9/30/2010</u></b>
Land	\$ 1,321,507	\$ 1,321,507
Buildings & Improvements	5,217,987	5,417,014
Equipment	1,991,775	2,255,829
Construction in progress	<u>45,502</u>	<u>-</u>
 Totals	 <b><u>\$ 8,576,771</u></b>	 <b><u>\$ 8,994,350</u></b>

Major additions for the year were a motor grader and other heavy equipment. Infrastructure includes all the County roads and bridges which are fully depreciated. Major deletions were disposition of equipment.

# Jefferson County, Florida Management's Discussion and Analysis

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## Debt

The County had various installment purchase obligations of \$425,300 and Revenue Bonds of \$1,922,000 outstanding at the end of the 2011 fiscal year, a decrease of \$119,762 as shown in Table 4.

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

	<b>Governmental Activities</b>	
	<u>9/30/2011</u>	<u>9/30/2010</u>
Installment obligations	\$ 425,300	\$ 375,062
Revenue bond	<u>1,922,000</u>	<u>2,092,000</u>
Totals	<u>\$ 2,347,300</u>	<u>\$ 2,467,062</u>

Items of equipment have been bought in the current year and prior years under various installment equipment obligations bearing interest at 2.75% to 4.94% per annum. These obligations require monthly and annual installments of varying amounts through November 2015. The Revenue Bond is dated October 20, 1999 and bears interest at 4.5%. Interest and principal are payable annually each September 1<sup>st</sup> starting in 2001 through September 1, 2020.

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

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

The County's elected Commissioners consider many factors when setting the fiscal year 2012 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.

## **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, 2011*

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 7,616,256
Restricted cash and cash equivalents	540,887
Accounts receivable	429,169
Due from other governmental units	1,616,048
Inventory	70,195
Capital assets, net	
Nondepreciable capital assets	1,367,009
Depreciable capital assets, net	7,209,762
<b>Total assets</b>	<b>18,849,326</b>
<b>Liabilities</b>	
Accounts payable and accrued expenses	438,093
Due to other agency	9,073
Deferred revenue	376,958
Long-term liabilities	
Portion due or payable within one year	
Capital lease obligations	91,491
Public improvement revenue bonds payable	178,000
Landfill closure and post-closure costs	116,054
Portion due or payable after one year	
Capital lease obligations	333,809
Public improvement revenue bonds payable	1,744,000
Compensated absences	364,547
Other post-employment benefit obligation	96,000
Landfill closure and post-closure costs	1,160,541
<b>Total liabilities</b>	<b>4,908,566</b>
<b>Net assets</b>	
Invested in capital assets, net of related debt	6,229,471
Restricted	7,179,857
Unrestricted	531,432
<b>Total net assets</b>	<b>\$ 13,940,760</b>

See accompanying notes to financial statements.

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

*For the year ended September 30, 2011*

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Total
<b>Primary government</b>						
<b>Governmental activities</b>						
General government	\$ 3,779,674	\$ 1,189,021	\$ 83,986	\$ -	\$ (2,506,667)	\$ (2,506,667)
Public safety	5,512,721	375,004	288,020	4,654	(4,845,043)	(4,845,043)
Fire safety	579,282	-	-	-	(579,282)	(579,282)
Physical environment	176,922	-	-	-	(176,922)	(176,922)
Health and sanitation	1,363,430	9,010	127,431	-	(1,226,989)	(1,226,989)
Transportation	2,249,937	-	414,809	-	(1,835,128)	(1,835,128)
Economic development	930,787	-	1,233,217	-	302,430	302,430
Human services	302,604	-	-	-	(302,604)	(302,604)
Culture and recreation	365,877	-	134,312	-	(231,565)	(231,565)
Agriculture	232,192	-	-	-	(232,192)	(232,192)
Court related	414,099	-	-	-	(414,099)	(414,099)
Interest on long-term debt	156,076	-	-	-	(156,076)	(156,076)
<b>Total primary government</b>	<b>16,063,601</b>	<b>1,573,035</b>	<b>2,281,775</b>	<b>4,654</b>	<b>(12,204,137)</b>	<b>(12,204,137)</b>
<b>General revenues</b>						
Taxes						
					4,571,910	4,571,910
					1,364,873	1,364,873
					4,042,847	4,042,847
					28,318	28,318
					2,485,928	2,485,928
					<b>12,493,876</b>	<b>12,493,876</b>
					289,739	289,739
					<b>13,651,021</b>	<b>13,651,021</b>
					<b>\$ 13,940,760</b>	<b>\$ 13,940,760</b>

See accompanying notes to financial statements.

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

*September 30, 2011*

	General Fund	Transportation	Landfill	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 5,554,477	\$ 759,755	\$ 47,447	\$ 1,254,577	\$ 7,616,256
Restricted cash and cash equivalents	264,071	-	-	276,816	540,887
Accounts receivable	429,169	-	-	-	429,169
Due from other funds	154,912	-	1,631,667	3,903,101	5,689,680
Due from other governmental units	1,361,397	135,349	48,793	70,509	1,616,048
Inventory	-	70,195	-	-	70,195
<b>Total assets</b>	<b>\$ 7,764,026</b>	<b>\$ 965,299</b>	<b>\$ 1,727,907</b>	<b>\$ 5,505,003</b>	<b>\$ 15,962,235</b>
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ 242,289	\$ 92,847	\$ 90,756	\$ 12,201	\$ 438,093
Due to other funds	5,028,821	442,466	-	218,393	5,689,680
Due to other agency	9,073	-	-	-	9,073
Deferred revenue	21,393	-	-	355,565	376,958
<b>Total liabilities</b>	<b>5,301,576</b>	<b>535,313</b>	<b>90,756</b>	<b>586,159</b>	<b>6,513,804</b>
<b>Fund balances</b>					
Nonspendable	-	70,195	-	-	70,195
Restricted	264,071	359,791	1,637,151	4,918,844	7,179,857
Unassigned	2,198,379	-	-	-	2,198,379
<b>Total fund balances</b>	<b>2,462,450</b>	<b>429,986</b>	<b>1,637,151</b>	<b>4,918,844</b>	<b>9,448,431</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,764,026</b>	<b>\$ 965,299</b>	<b>\$ 1,727,907</b>	<b>\$ 5,505,003</b>	<b>\$ 15,962,235</b>

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, 2011*

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

Total fund balances – governmental funds	\$ 9,448,431
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the governmental funds.	8,576,771
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the governmental funds.	(4,084,442)
<hr/>	
Net assets of governmental activities	\$ 13,940,760
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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, 2011*

	General Fund	Transportation	Landfill	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 4,363,396	\$ 1,479,299	\$ -	\$ 1,157,493	\$ 7,000,188
Licenses and permits	158,122	-	-	-	158,122
Intergovernmental	3,682,760	6,036	100,077	1,476,998	5,265,871
Charges for services	1,189,021	-	9,010	18,445	1,216,476
Fines and forfeitures	-	-	-	198,437	198,437
Investment earnings	25,519	1,020	322	1,457	28,318
Other fees and miscellaneous revenues	269,302	5,551	1,562,608	637,276	2,474,737
<b>Total revenues</b>	<b>9,688,120</b>	<b>1,491,906</b>	<b>1,672,017</b>	<b>3,490,106</b>	<b>16,342,149</b>
<b>Expenditures</b>					
Current:					
General government	3,131,004	-	-	-	3,131,004
Public health and safety	4,993,778	-	-	228,332	5,222,110
Fire safety	-	-	-	579,282	579,282
Physical environment	79,814	-	-	-	79,814
Health and sanitation	-	-	1,435,552	-	1,435,552
Transportation	400,805	1,652,162	-	-	2,052,967
Economic development	19,728	-	-	911,059	930,787
Human services	302,604	-	-	-	302,604
Culture and recreation	349,991	-	-	-	349,991
Agriculture	221,287	-	-	-	221,287
Court related	414,099	-	-	-	414,099
Capital outlay	199,624	186,813	29,700	56,006	472,143
Debt service					
Principal	-	89,031	-	440,000	529,031
Interest and other charges	-	28,636	-	127,440	156,076
<b>Total expenditures</b>	<b>10,112,734</b>	<b>1,956,642</b>	<b>1,465,252</b>	<b>2,342,119</b>	<b>15,876,747</b>
Excess (deficiency) of revenues over (under) expenditures	(424,614)	(464,736)	206,765	1,147,987	465,402
<b>Other financing sources (uses)</b>					
Transfers in	3,384,349	439,407	-	2,799,179	6,622,935
Transfers out	(3,238,586)	-	-	(3,384,349)	(6,622,935)
Capital lease obligations proceeds	-	139,269	-	-	139,269
<b>Net other financing sources (uses)</b>	<b>145,763</b>	<b>578,676</b>	<b>-</b>	<b>(585,170)</b>	<b>139,269</b>
<b>Net changes in fund balances</b>	<b>(278,851)</b>	<b>113,940</b>	<b>206,765</b>	<b>562,817</b>	<b>604,671</b>
<b>Fund balances - beginning</b>	<b>2,741,301</b>	<b>316,046</b>	<b>1,430,386</b>	<b>4,356,027</b>	<b>8,843,760</b>
<b>Fund balances - ending</b>	<b>\$ 2,462,450</b>	<b>\$ 429,986</b>	<b>\$ 1,637,151</b>	<b>\$ 4,918,844</b>	<b>\$ 9,448,431</b>

See accompanying notes to financial statements.

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

*For the year ended September 30, 2011*

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

Net change in fund balances - total governmental funds	\$ 604,671
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of activities.	472,143
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.	(870,785)
The net effect of transactions involving capital assets (i.e. sales, transfers and donations) included in the governmental activities in the statement of activities.	(18,938)
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.	259,031
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.	(139,269)
Accrued other post-employment benefits do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(96,000)
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	102,261
Compensated absences	(23,375)
Change in net assets of governmental activities	\$ 289,739

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, 2011*

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 4,340,565	\$ 4,340,565	\$ 4,363,396	\$ 22,831
Licenses and permits	139,500	139,500	158,122	18,622
Intergovernmental	4,177,483	4,177,483	3,682,760	(494,723)
Charges for services	1,306,259	1,306,259	1,189,021	(117,238)
Investment earnings	19,000	19,000	25,519	6,519
Other fees and miscellaneous revenues	50,000	50,000	269,302	219,302
<b>Total revenues</b>	<b>10,032,807</b>	<b>10,032,807</b>	<b>9,688,120</b>	<b>(344,687)</b>
<b>Expenditures</b>				
Current:				
General government	3,937,546	3,937,546	3,131,004	806,542
Public health and safety	4,573,960	4,573,960	4,993,778	(419,818)
Physical environment	82,710	82,710	79,814	2,896
Transportation	400,804	400,804	400,805	(1)
Economic environment	18,150	18,150	19,728	(1,578)
Human services	370,337	370,337	302,604	67,733
Culture and recreation	367,351	367,351	349,991	17,360
Agriculture	236,657	236,657	221,287	15,370
Court related	487,088	487,088	414,099	72,989
Capital outlay	200,406	200,406	199,624	782
Reserve for contingencies	70,000	70,000	-	70,000
<b>Total expenditures</b>	<b>10,745,009</b>	<b>10,745,009</b>	<b>10,112,734</b>	<b>632,275</b>
Excess (deficiency) of revenues over (under) expenditures	(712,202)	(712,202)	(424,614)	287,588
<b>Other financing sources (uses)</b>				
Transfers in	4,028,520	4,028,520	3,384,349	(644,171)
Transfers out	(3,238,586)	(3,238,586)	(3,238,586)	-
Net other financing sources (uses)	789,934	789,934	145,763	(644,171)
<b>Net change in fund balance</b>	<b>77,732</b>	<b>77,732</b>	<b>(278,851)</b>	<b>(356,583)</b>
<b>Fund balance - beginning</b>	<b>2,741,301</b>	<b>2,741,301</b>	<b>2,741,301</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 2,819,033</b>	<b>\$ 2,819,033</b>	<b>\$ 2,462,450</b>	<b>\$ (356,583)</b>

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, 2011*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 1,618,943	\$ 1,618,943	\$ 1,479,299	\$ (139,644)
Intergovernmental	-	-	6,036	6,036
Investment earnings	-	-	1,020	1,020
Other fees and miscellaneous revenues	-	-	5,551	5,551
<b>Total revenues</b>	<b>1,618,943</b>	<b>1,618,943</b>	<b>1,491,906</b>	<b>(127,037)</b>
<b>Expenditures</b>				
Current:				
Transportation	1,661,350	1,661,350	1,652,162	9,188
Capital outlay	153,000	153,000	186,813	(33,813)
Debt service				
Principal	-	-	89,031	(89,031)
Interest and other charges	-	-	28,636	(28,636)
Reserve for contingencies	250,000	250,000	-	250,000
<b>Total expenditures</b>	<b>2,064,350</b>	<b>2,064,350</b>	<b>1,956,642</b>	<b>107,708</b>
Excess (deficiency) of revenues over (under) expenditures	(445,407)	(445,407)	(464,736)	(19,329)
<b>Other financing sources (uses)</b>				
Transfers in	439,407	439,407	439,407	-
Capital lease obligations proceeds	-	-	139,269	139,269
Net other financing sources (uses)	439,407	439,407	578,676	139,269
<b>Net change in fund balance</b>	<b>(6,000)</b>	<b>(6,000)</b>	<b>113,940</b>	<b>119,940</b>
<b>Fund balance - beginning</b>	<b>316,046</b>	<b>316,046</b>	<b>316,046</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 310,046</b>	<b>\$ 310,046</b>	<b>\$ 429,986</b>	<b>\$ 119,940</b>

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, 2011*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental	\$ 127,787	\$ 127,787	\$ 100,077	\$ (27,710)
Charges for services	10,000	10,000	9,010	(990)
Investment earnings	-	-	322	322
Other fees and miscellaneous revenues	1,550,346	1,550,346	1,562,608	12,262
<b>Total revenues</b>	1,688,133	1,688,133	1,672,017	(16,116)
<b>Expenditures</b>				
Current:				
Health and sanitation	1,716,231	1,716,231	1,435,552	280,679
Capital outlay	30,000	30,000	29,700	300
<b>Total expenditures</b>	1,746,231	1,746,231	1,465,252	280,979
Excess (deficiency) of revenues over (under) expenditures	(58,098)	(58,098)	206,765	264,863
<b>Net change in fund balance</b>	(58,098)	(58,098)	206,765	264,863
<b>Fund balance - beginning</b>	1,430,386	1,430,386	1,430,386	-
<b>Fund balance - ending</b>	\$ 1,372,288	\$ 1,372,288	\$ 1,637,151	\$ 264,863

See accompanying notes to financial statements.

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

*September 30, 2011*

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	<b>Agency Funds</b>
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 1,267,952
<hr/>	
Total assets	\$ 1,267,952
<hr/> <hr/>	
<b>Liabilities</b>	
Due to other governments	\$ 825,746
Due to others	442,206
<hr/>	
Total liabilities	\$ 1,267,952
<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.

**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.

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.

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

**Measurement Focus and Basis of Accounting**

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

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

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

When expenditures are incurred for which committed, assigned or unassigned amounts could be used, it is the County's policy to use them in that order.

**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:

<b>Assets</b>	<b>Years</b>
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.

**Governmental Fund Balances**

The County adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Type Definitions* (GASB Statement No. 54) effective October 1, 2010. This GASB Statement clarifies governmental fund balance classifications and fund-type definitions. Fund balances are classified either as non-spendable or spendable. See Note 13.

**Net Assets**

For the year ending September 30, 2011, the County reports net assets as restricted or unrestricted. Restricted net assets have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net assets are comprised of all other balances, including committed, assigned and unassigned.

**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 Independent 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 2011 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.

**NOTE 2 - PROPERTY TAXES (CONTINUED)**

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.

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 \$9,425,095 and the bank balance was \$10,278,952. 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, 2011, the market value and the carrying value of these funds was \$458,462. The funds are carried as a cash equivalent on the balance sheet at September 30, 2011 (See Note 1 for definition of cash equivalents) and are included in carrying value and bank balance in the first paragraph of this note.

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

The County's investments in the Local Government Surplus Funds Trust Fund (Florida PRIME), which the State Board of Administration indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of September 30, 2011, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. 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, the 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, 2011. The Fair Value factor for Fund B for September 30, 2011, is .7568386.

As of September 30, 2011, the County had \$445,833 and \$12,629 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](http://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, 2011, 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, 2011, is 38 days. Next interest rate reset for floating rate securities are used in the calculation of the WAM. The weighted average life (based on expected future cash flows) of Fund B at September 30, 2011, is estimated at 4.82 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, 2011, 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, 2011, 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. Accounts receivable totaled \$874,499 and are shown net of allowance of doubtful accounts and contractual adjustments of \$445,000. This allowance represents an uncollected billing ratio based on past history of collections and aged accounts receivable listings. Bad debt expense for the year was \$445,001.

**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, 2011 were as follows:

Fund	TRANSFER IN	TRANSFER OUT	PURPOSE
General fund:			
County Transportation Trust Fund	\$ -	\$ 439,407	(1)
Nonmajor funds	3,384,349	2,799,179	(1) (2)
Total General Fund	3,384,349	3,238,586	
County Transportation Trust Fund:			
General Fund	439,407	-	(1)
Nonmajor governmental funds:			
General Fund	2,799,179	3,384,349	(2) (1)
Total	\$ 6,622,935	\$ 6,622,935	

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, 2011 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, 2011, consisted of the following:

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General fund	\$ 154,912	\$ 5,028,821
County Transportation Trust Fund	-	442,466
Landfill Fund	1,631,667	-
Nonmajor governmental funds		
Fine and Forfeiture Fund	961,689	-
Grants Fund	508,615	154,912
SHIP Trust Fund	6,172	-
Capital Projects Fund	99,891	-
Fire Assessment Fund	760,689	-
E-911 Fund	1,566,045	-
Debt Service Fund	-	63,481
<b>Total</b>	<b>\$ 5,689,680</b>	<b>\$ 5,689,680</b>

**NOTE 7 - DUE FROM OTHER GOVERNMENTS**

Due from other governments consists of funds earned as of September 30, 2011, but not yet received by the County. The majority of these amounts were received in October and November 2011.

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

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2011, was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land and improvements	\$ 1,321,507	\$ -	\$ -	\$ 1,321,507
Construction in progress	-	45,502	-	45,502
<b>Total capital assets, not being depreciated</b>	<b>1,321,507</b>	<b>45,502</b>	<b>-</b>	<b>1,367,009</b>
Capital assets, being depreciated:				
Buildings and improvements	8,186,209	9,211	-	8,195,420
Equipment	7,728,202	323,531	342,876	7,708,857
Equipment, Sheriff	1,702,008	93,899	28,405	1,767,502
Roads	26,040,640	-	-	26,040,640
<b>Total capital assets, being depreciated</b>	<b>43,657,059</b>	<b>426,641</b>	<b>371,281</b>	<b>43,712,419</b>
Less: Total accumulated depreciation	35,984,216	870,785	352,344	36,502,657
<b>Total capital assets, being depreciated, net</b>	<b>7,672,843</b>	<b>(444,144)</b>	<b>18,937</b>	<b>7,209,762</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 8,994,350</b>	<b>\$ (398,642)</b>	<b>\$ 18,937</b>	<b>\$ 8,576,771</b>

Depreciation expense was charged to functions as follows:

<b>Governmental activities</b>		
General government		\$ 266,954
Public safety		255,246
Fire safety		22,900
Physical environment		97,108
Transportation		201,786
Culture and recreation		15,886
Agriculture		10,905
<b>Total depreciation expense-governmental activities</b>		<b>\$ 870,785</b>

**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 2.75% to 4.94% per annum. These obligations require monthly and annual installments of various amounts and expire at various dates through November 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, 2011, was as follows:

	<b>BEGINNING BALANCE</b>	<b>ADDITIONS</b>	<b>REDUCTIONS</b>	<b>ENDING BALANCE</b>	<b>DUE WITHIN ONE YEAR</b>
<b>Governmental activities:</b>					
Revenue bonds	\$ 2,092,000	\$ -	\$ 170,000	\$ 1,922,000	\$ 178,000
Capital lease obligations	375,062	139,269	89,031	425,300	91,491
Compensated absences	341,172	29,241	5,866	364,547	-
Landfill closure and post-closure costs	1,378,856	-	102,261	1,276,595	116,054
<b>Total</b>	<b>\$ 4,187,090</b>	<b>\$ 168,510</b>	<b>\$ 367,158</b>	<b>\$ 3,988,442</b>	<b>\$ 385,545</b>

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, 2011 are as follows:

FISCAL YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES			
	REVENUE BONDS		CAPITAL LEASE OBLIGATIONS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2012	\$ 178,000	\$ 86,490	\$ 91,491	\$ 15,017
2013	186,000	78,480	97,164	10,693
2014	194,000	70,110	83,431	6,263
2015	203,000	61,380	37,127	3,768
2016	212,000	52,245	116,087	-
2017-2021	949,000	109,080	-	-
Total	\$ 1,922,000	\$ 457,785	\$ 425,300	\$ 35,741

**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, 2011.
- (2) Excesses of expenditures over appropriations in individual funds. There were no individual funds that actual expenditures exceeded total appropriations during the 2010-2011 fiscal year.

**NOTE 11 - EMPLOYEE BENEFITS**

The County employees 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, FL 32399-1560 or by accessing their internet site at [www.frs.state.fl.us/frs/public/annual](http://www.frs.state.fl.us/frs/public/annual).

For those employees hired prior to July 1, 2011, FRS 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. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits 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. Prior to July 1, 2011, retirement coverage was employee noncontributory. Effective July 1, 2011, the Florida Legislature mandated all employees contribute 3% to their retirement coverage with immediate vesting of their contributions.

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

	<b>10/01/10 Through <u>06/30/11</u></b>	<b>07/01/11 Through <u>9/30/11</u></b>
Regular employees	10.77%	4.91%
Senior management	14.57%	6.27%
Elected county officials' class	18.64%	11.14%
Special risk employees	23.25%	14.10%
DROP plan participants	12.25%	4.42%

Contribution rates equal actuarial determined rates. For the period October 01, 2010 through September 30, 2011, the total payroll for all employees and the retirement contributions for all employees covered by FRS were as follows:

	<b>Payroll Expense</b>	<b>Retirement Contributions</b>
Board of County Commissioners	\$ 2,530,876	\$ 319,229
Clerk of the Circuit Court	508,588	56,033
Sheriff	1,964,637	306,692
Property Appraiser	266,277	29,874
Tax Collector	249,363	28,994
Supervisor of Elections	105,879	16,560

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

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Total	\$ 5,625,620	\$ 757,382
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**NOTE 11 - EMPLOYEE BENEFITS (CONTINUED)**

The County's contributions to the Plan for the years ended September 30, 2011, 2010 and 2009 were \$757,382, \$798,532 and \$761,428 respectively, which equal the required contributions. For the year ended September 30, 2011, retirement contributions represent 13.46% 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, 2011, 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 - FUND EQUITY**

Fund balances are classified based upon a hierarchy of the County's ability to control spending of these fund balances and can be classified in the following categories:

**Nonspendable** – Amounts that cannot be spent because they are either not spendable in form or they are legally or contractually required to be maintained intact.

**Restricted** – Amounts that can be spent only for purposes stipulated by external parties, constitution provision or enabling legislation.

**Committed** – Amounts constrained for a specific purpose by the Board of County Commissioners.

**Assigned** – For the general fund, amounts constrained for the intent to be used for a specific purpose by the Board of County Commissioners. For all governmental funds other than the general fund, any positive remaining amounts not classified as nonspendable, restricted or committed.

**Unassigned** – All amounts not included in other spendable classifications.

The County had \$70,195 in non-spendable net assets which represents the inventory balance at September 30, 2011.

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

**NOTE 13 – FUND EQUITY (CONTINUED)**

**Restricted Fund Balance:**

<b>Funds</b>	<b>Purpose</b>		
General Fund	Funding for:		
	Landfill escrow	\$ 128,231	
	Medical impact fees	51,904	
	Tourist development tax	50,507	
	Fire impact fees	32,865	
	Transportation impact fees	495	
	Law enforcement impact fees	69	
Total general fund			\$ 264,071
Special Revenue Fund	Funding for:		
	Transportation		359,791
	Landfill		1,637,151
	Nonmajor governmental funds		
	Fine and forfeiture	1,445,173	
	E-911	1,331,281	
	Fire assessment	762,224	
	Grants	573,564	
	SHIP trust	481,743	
	Debt service	213,335	
	Capital projects	111,524	
Total nonmajor governmental funds			4,918,844
Total restricted fund balance			\$ 7,179,857

**NOTE 14 - LITIGATION AND CONTINGENT LIABILITIES**

The County 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 County's financial position.

**Medicaid Liability** – The Agency for Healthcare Administration (AHCA) is in the process of certifying contested Medicaid billings for hospital and nursing home services for all Florida counties for the past ten years. The Medicaid liability for Jefferson County has not been finalized but is not expected to exceed \$355,000. Upon final determination of the liability, repayment will be made over a period of five years in varying monthly installments.

**NOTE 15 - 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 are estimated to be approximately \$116,000 per year for the next 11 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, 2011, was \$128,231.

**NOTE 16 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION**

**Plan Description** – The County has implemented Governmental Accounting Standards Board Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions for retiree health insurance.

The Jefferson County Retiree Healthcare Plan (Plan) is a single-employer defined benefit healthcare plan which provides Other Postemployment Benefits (OPEB) to eligible retirees and their eligible dependents. Pursuant to the provisions of Section 112.0801, the Florida Statutes, employees who retire from the County and eligible dependents, may continue to participate in the group health insurance plan. Retirees and their eligible dependents shall be offered the same health insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The Plan does not issue a publicly available financial report.

Eligibility for participation in the Plan is limited to full-time employees of the County, if the criteria have been met to qualify for retirement benefits. See Note 11.

**Benefits Provided** – The County provides post-employment healthcare to its retirees. Health benefits are provided through the County’s healthcare provider. The benefit levels are the same as those afforded to active employees. Health benefits include inpatient and outpatient medical services and prescriptions.

**Membership** – At September 30, 2011, there were no terminated employees entitled to benefits but not yet receiving them. The membership of the Plan consisted of:

Active employees	146
Retirees and beneficiaries currently receiving benefits	12
<u>Total membership</u>	<u>158</u>
<u>Participating employers</u>	<u>1</u>



**NOTE 16 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)**

**Funding Policy** – A qualifying trust or agency fund has not been authorized by the County. The County negotiates the premium rates with Capital Health Plan. The required contribution is based on pay-as-you-go financing requirements. Retirees and beneficiaries currently receiving benefits are required to contribute 100% of their current premium costs, which for fiscal year 2011 was \$5,766. The chart below shows the cost of the monthly retiree premiums at September 30, 2011.

<b>Coverage</b>	<b>Capital Health Plan</b>
Retiree	\$ 221.71
Retiree & Spouse	\$ 487.89
Retiree & Spouse (Medicare)	\$ 443.42
Retiree & Spouse (Non-Medicare)	\$ 709.60
Family	\$ 949.55

**Annual OPEB and Net OPEB Obligation** – The County’s annual other post employment benefit (OPEB) cost (expenses) is calculated based on the annual required contribution of the employer (the “ARC”) actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a 10 year open period. The following shows the components of the County’s net OPEB obligation:

<u>September 30,</u>	<u>2011</u>
Annual required contribution	\$ 114,000
Interest on prior year net OPEB obligation	-
Adjustments to annual required contribution	-
<hr/>	
Annual OPEB costs	114,000
Estimated employer contribution made	(18,000)
<hr/>	
Increase (decrease) in net OPEB obligation	96,000
Net OPEB obligation, beginning of year	-
<hr/>	
Estimated net OPEB obligation, end of year	\$ 96,000

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2011 and the prior two (2) years were as follows:

Fiscal Year Ended	Annual OPEB Costs	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/09	N/A	N/A	N/A
9/30/10	N/A	N/A	N/A

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

9/30/11                      \$114,000                      16%                      \$114,000

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**NOTE 16 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)**

**Funded Status and Funding Progress** – As of September 30, 2011, the actuarial accrued liability of \$447,000 was unfunded. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the ARC's of employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Schedule of Funding Progress –**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liabilities (AAL)	Unfunded Actuarial Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Of Covered Payroll	
04/01/12	\$ -	\$541,000	\$ 541,000	0.00%	\$5,618,000	9.6%	(1)

(1) Initial year of Plan disclosure, no prior data available.

**Actuarial Method and Assumptions** – The valuation dated April 1, 2012, for the fiscal date of October 1, 2010 to September 30, 2011, was prepared using generally accepted accrual principles and practices, and relied on unaudited census data and medical claims data reported by the County. Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used included techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The initial OPEB actuarial valuation method used for the County was the projected unit credit cost method. This method was used to determine all liabilities, with the liability for each active employee assumed to accrue over his working lifetime based on elapsed time from his date of hire until retirement. Because the OPEB liability is currently unfunded, the actuarial assumption included a 4.0% investment rate of return on investments for the County. The actuarial assumption also includes inflation at 2.75% per annum. Medical and drug cost trend rate is 10.00% for the fiscal year ended September 30, 2011, gradually decreasing to future rate of 6.00% for the fiscal year ended September 30, 2021. The Unfunded Actuarial Accrued Liability (UAAL) is being amortized over 10-year open period.

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

**NOTE 17 - 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.

Information regarding the bond issue is as follows:

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

**NOTE 18 - 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 19 - COMMITMENTS AND CONTINGENCIES**

**Contractual Commitments**

At September 30, 2011, the Board had contractual commitments for construction projects in excess of amounts recognized in the financial statements.

**NOTE 20 - SUBSEQUENT EVENTS**

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

## **Supplementary Information**

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

*September 30, 2011*

	Special Revenue				
	Grants Fund	Fine and Forfeiture Fund	SHIP Trust Fund	Capital Projects	Fire Assessment
<b>Assets</b>					
Cash and cash equivalents	\$ 211,119	\$ 463,765	\$ 567,463	\$ 11,633	\$ -
Due from other funds	508,615	961,689	6,172	99,891	760,689
Due from other governmental units	8,742	23,576	-	-	9,282
Total assets	\$ 728,476	\$ 1,449,030	\$ 573,635	\$ 111,524	\$ 769,971
<b>Liabilities</b>					
Vouchers payable	\$ -	\$ 3,857	\$ -	\$ -	\$ 7,747
Due to other funds	154,912	-	-	-	-
Deferred revenue	-	-	91,892	-	-
Total liabilities	154,912	3,857	91,892	-	7,747
<b>Fund balances</b>					
Restricted	573,564	1,445,173	481,743	111,524	762,224
Total fund balances	573,564	1,445,173	481,743	111,524	762,224
Total liabilities and fund balances	\$ 728,476	\$ 1,449,030	\$ 573,635	\$ 111,524	\$ 769,971

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

*September 30, 2011*

	Special Revenue			Total Non-Major Governmental Funds
	Payroll	E-911 Fund	Debt Service	
<b>Assets</b>				
Cash and cash equivalents	\$ 597	\$ -	\$ -	\$ 1,254,577
Restricted cash and cash equivalents	-	-	276,816	276,816
Due from other funds	-	1,566,045	-	3,903,101
Due from other governmental units	-	28,909	-	70,509
Total assets	\$ 597	\$ 1,594,954	\$ 276,816	\$ 5,505,003
<b>Liabilities</b>				
Vouchers payable	\$ 597	\$ -	\$ -	\$ 12,201
Due to other funds	-	-	63,481	218,393
Deferred revenue	-	263,673	-	355,565
Total liabilities	597	263,673	63,481	586,159
<b>Fund balances</b>				
Restricted	-	1,331,281	213,335	4,918,844
Total fund balances	-	1,331,281	213,335	4,918,844
Total liabilities and fund balances	\$ 597	\$ 1,594,954	\$ 276,816	\$ 5,505,003

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

*For the year ended September 30, 2011*

	Special Revenue				
	Grants Fund	Fine and Forfeiture Fund	SHIP Trust Fund	Capital Projects	Fire Assessment
<b>Revenues</b>					
Taxes	\$ -	\$ 880,678	\$ -	\$ -	\$ -
Intergovernmental	853,206	35,069	380,011	-	-
Charges for services	-	18,445	-	-	-
Fines and forfeitures	-	198,437	-	-	-
Investment earnings	22	1,211	173	-	-
Other fees and miscellaneous revenues	2,544	108	-	6	634,618
Total revenues	855,772	1,133,948	380,184	6	634,618
<b>Expenditures</b>					
Current:					
Public safety	-	173,964	-	-	-
Fire safety	-	-	-	-	579,282
Economic development	771,209	-	139,850	-	-
Capital outlay	-	47,575	-	-	8,431
Debt service					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Total expenditures	771,209	221,539	139,850	-	587,713
Excess (deficiency) of revenues over (under) expenditures	84,563	912,409	240,334	6	46,905
<b>Other financing sources (uses)</b>					
Transfers in	-	2,535,039	-	-	-
Transfers out	-	(3,384,349)	-	-	-
Net other financing sources (uses)	-	(849,310)	-	-	-
<b>Net change in fund balances</b>	84,563	63,099	240,334	6	46,905
<b>Fund balances - beginning</b>	489,001	1,382,074	241,409	111,518	715,319
<b>Fund balances - ending</b>	\$ 573,564	\$ 1,445,173	\$ 481,743	\$ 111,524	\$ 762,224



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

*For the year ended September 30, 2011*

	<u>Special Revenue</u>			<b>Total Non-Major Governmental Funds</b>
	<u>Payroll</u>	<u>E-911 Fund</u>	<u>Debt Service</u>	
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ 276,815	\$ 1,157,493
Intergovernmental	-	208,712	-	1,476,998
Charges for services	-	-	-	18,445
Fines and forfeitures	-	-	-	198,437
Investment earnings	-	-	51	1,457
Other fees and miscellaneous revenues	-	-	-	637,276
Total revenues	-	208,712	276,866	3,490,106
<b>Expenditures</b>				
Current:				
Public health and safety	-	54,368	-	228,332
Fire safety	-	-	-	579,282
Economic development	-	-	-	911,059
Capital outlay	-	-	-	56,006
Debt service				
Principal	-	-	440,000	440,000
Interest and other charges	-	-	127,440	127,440
Total expenditures	-	54,368	567,440	2,342,119
Excess (deficiency) of revenues over (under) expenditures	-	154,344	(290,574)	1,147,987
<b>Other financing sources (uses)</b>				
Transfers in	-	-	264,140	2,799,179
Transfers out	-	-	-	(3,384,349)
Net other financing sources (uses)	-	-	264,140	(585,170)
<b>Net change in fund balances</b>	-	154,344	(26,434)	562,817
<b>Fund balances - beginning</b>	-	1,176,937	239,769	4,356,027
<b>Fund balances - ending</b>	\$ -	\$ 1,331,281	\$ 213,335	\$ 4,918,844

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

*September 30, 2011*

	Clerk of the Circuit Court	Tax Collector	Sheriff	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 369,540	\$ 825,746	\$ 72,666	\$ 1,267,952
<b>Total assets</b>	<b>\$ 369,540</b>	<b>\$ 825,746</b>	<b>\$ 72,666</b>	<b>\$ 1,267,952</b>
<b>Liabilities</b>				
Due to other governments	\$ -	\$ 825,746	\$ -	\$ 825,746
Due to others	369,540	-	72,666	442,206
<b>Total liabilities</b>	<b>\$ 369,540</b>	<b>\$ 825,746</b>	<b>\$ 72,666</b>	<b>\$ 1,267,952</b>

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

To the Honorable 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, 2011, and have issued our report thereon dated June 20, 2012. 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 summary schedule of prior audit findings as items 2010-1, 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 June 20, 2012.

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.

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

June 20, 2012

**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, 2011. 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, 2011.

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.

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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2011-2 to be a material weakness.

*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. We identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as item 2011-1 and in the accompanying summary schedule of prior audit findings as item 2009-5.

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.

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

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

*For the year ended September 30, 2011*

Federal/State Agency Pass through entity Federal Award Programs	CFDA Number	Contract/Grant Number	Expenditures
<b>United States Department of Housing and Urban Development</b>			
Section 8 Housing Choice Vouchers	14.871	FL140V0	\$ 717,598
<b>Florida Department of Economic Opportunity</b>			
<b>Community Development Block Grants/State's Program</b>			
Neighborhood Revitalization	14.228	11DB-L4-02-43-01-H30	64,712
<b>Total United States Department of Housing and Urban Development</b>			<b>782,310</b>
<b>United States Department of Agriculture</b>			
Natural Resources Conservation Service	10.904	69-4209-10-1762	400,804
<b>Total United States Department of Agriculture</b>			<b>400,804</b>
<b>United States Department of Health and Human Services</b>			
<b>Florida Department of Revenue:</b>			
<b>Child Support Enforcement</b>			
Child Support Enforcement - Title IVD	93.563	n/a	82,173
<b>Total United States Department of Health and Human Services</b>			<b>82,173</b>
<b>United States Department of Justice</b>			
<b>Florida Department of Law enforcement:</b>			
<b>Edward Byrne Memorial Grant Program</b>			
Anti-Drug Abuse Act Funds	16.738	2011-JAGC-JEFF-1-82-058	58,811
<b>Total United States Department of Justice</b>			<b>58,811</b>
<b>Total expenditures of Federal Awards Programs</b>			<b>\$ 1,324,098</b>

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

*For the year ended September 30, 2011*

Federal/State Agency Pass-Through Entity State Financial Assistance Projects	CSFA Number	Grant/ Contract Number	Expenditures
<b>Florida Department of Transportation</b>			
<b>Public Transit Service Development Program</b>			
Small County Road Assistance Program (SCRAP) - Whitehouse	55.016	AQ594	\$ 558,960
Small County Outreach Program - South Salt Rd/ CR 257A	55.009	AQD03	35,553
County Incentive Grant Program (CIGP)	55.008	AQC97	5,800
<b>Florida Department of Transportation</b>			<b>600,313</b>
<b>Florida Housing Finance Corporation</b>			
<b>State Housing Initiatives Partnership Program (SHIP)</b>			
State Housing Initiatives Partnership Program (SHIP)	52.901	09/10	139,850
<b>Total Florida Housing Finance Corporation</b>			<b>139,850</b>
<b>Florida Department of Environmental Protection</b>			
<b>Small County Grants</b>			
Cooperative Collection Center Grant - Hazard Material Planning	37.007	SO444	24,792
Small County Consolidated Grant - Solid Waste	37.012	SC018	70,888
<b>Total Florida Department of Environmental Protection</b>			<b>95,680</b>
<b>Florida Department of State</b>			
<b>Division of Library and Information Services:</b>			
Library Resources	45.030	09-ST-92	91,593
<b>Total Florida Department of State</b>			<b>91,593</b>
<b>Florida Department of Agriculture</b>			
Mosquito Control	42.003	n/a	23,147
<b>Total Florida Department of Agriculture</b>			<b>23,147</b>
<b>Total expenditures of State Financial Assistance Projects</b>			<b>\$ 950,583</b>



**Jefferson County, Florida**  
**Notes to Schedule of Expenditures of Federal Award**  
**Programs and State Financial Assistance Projects**  
**For the year ended September 30, 2011**

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**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, 2011**

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**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. An instance of material weakness relating to the audit of the major federal award programs and state financial assistance projects was also 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:

<b>Federal Programs</b>	<b>CFDA No.</b>
U.S. Department of Health and Human Services Section 8 Housing Choice Vouchers	14.871
U.S. Department of Agriculture Natural Resources Conservation Service	10.904
<b>State Projects</b>	<b>CSFA No.</b>
Florida Department of Transportation Small County Road Assistance Program	55.016

**Jefferson County, Florida**  
**Schedule of Findings and Questioned Costs**  
**For the year ended September 30, 2011**

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**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**

No current year findings

**C. FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AND STATE PROJECTS**

**BOARD OF COUNTY COMMISSIONERS**

**Significant Deficiency 2011-1: INCOMPLETE DOCUMENTATION AND PROCEDURES**

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

COMMENT: We noted numerous applicant files with incomplete or missing documentation to include noncurrent or missing leases, noncurrent and missing inspection documentation. In addition, we noted that numerous annual recertification inspections were not current. Documentation needed to process applicants is stipulated in the County's Administration Plan and approved by HUD. Failure to complete documentation or procedures as required could result in the County's processing and accepting ineligible applicants or in a loss of funding.

RECOMMENDATION: We recommend that the County review each applicant file to ensure documentation is complete prior to approving release of funds and review files during annual recertification to insure all required procedures performed.

**Jefferson County, Florida**  
**Schedule of Findings and Questioned Costs**  
**For the year ended September 30, 2011**

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**MAJOR FEDERAL PROGRAMS AND STATE PROJECTS (CONTINUED)**

**BOARD OF COUNTY COMMISSIONERS**

**Material Weakness 2011-2: INVOICE APPROVAL PROCESS**

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

COMMENT: We noted improper segregation in processing of payments in that an employee receiving reimbursement initialed the signature for the authorization of payment. Not having a defined approval process can lead to payments that are not allowed or allocable to a program as well as to possible fraudulent payments.

RECOMMENDATION: We recommend that the County implement a defined payment approval process and that all invoice approvals are verified to determine authorization is different from payee before payments are remitted.

**Jefferson County, Florida**  
**Summary Schedule of Prior Audit Findings**  
**For the year ended September 30, 2011**

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**PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS**

**MAJOR FEDERAL PROGRAMS AND STATE PROJECTS**

**BOARD OF COUNTY COMMISSIONERS**

**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.

**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.

**Jefferson County, Florida**  
**Summary Schedule of Prior Audit Findings**  
**For the year ended September 30, 2011**

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**PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**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.

**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 \$17,723 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.

**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.

STATUS: This item has not been corrected.



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## 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, 2011, and have issued our report thereon dated June 20, 2012. 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 June 20, 2012, 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.

#### **CURRENT YEAR FINDING AND RECOMMENDATION:**

##### **TAX COLLECTOR:**

COMMENT TC 11-01: No warrants were issued for delinquent personal property taxes. Florida Statute 197.413 states that once the personal property tax has been delinquent for one year, the tax collector shall prepare warrants against the delinquent taxpayers providing for the levy upon, and seizure of tangible personal property.

RECOMMENDATION: We recommend the Tax Collector issue warrants on all applicable delinquent personal property and attempt collection of these taxes.

- 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, 2011, 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, 2011. 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.

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

June 20, 2012



# BOARD OF COUNTY COMMISSIONERS JEFFERSON COUNTY, FLORIDA

THE KEYSTONE COUNTY-ESTABLISHED 1827  
1 COURTHOUSE CIRCLE, ROOM 10; MONTICELLO, FLORIDA 32344  
VOICE: (850)-342-0218 FAX: (850)-342-0222

Stephen G. Fulford  
District 1

John Nelson, Sr.  
District 2

Hines F. Boyd  
District 3

Betsy Barfield  
District 4

Danny Monroe, III  
District 5

June 25, 2012

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

Mr. Martin:

This is a copy of our auditor's findings and recommendations contained in our audit report for the year ended September 30, 2011.

Significant Deficiency 2010-1: Grant Management

Management's Response: 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 2009-5: Unsupported Payments

Management's Response: The county will take appropriate action to eliminate program deficiencies and ensure adherence to all terms and conditions of the contractual agreement for this program.

Significant Deficiency 2011-1: Incomplete Documentation and Procedures

Management's Response: The county will discuss these deficiencies with the third-party administrator and take appropriate action to ensure compliance with all terms of the contract.

Significant Deficiency 2011-2: Invoice Approval Process

Management's Response: The county will re-emphasize the importance of obtaining and documenting proper approval prior to processing any payments from Board accounts.

Significant Deficiency 2008-1: Segregation of Duties

Management's Response: 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.

Kirk Reams  
Clerk of Courts

Roy M. Schleicher  
County Coordinator

T. Buckingham Bird  
County Attorney



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

Management's Response: 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. However, we are working with an individual with the educational background and practical experience regarding the implementing of processes and procedures to facilitate GAAP financial statement preparation.

If we can assist you in the future, please let us know.

Sincerely,

Kirk B. Reams, Clerk of Court

**Kirk Reams**  
Clerk of Courts

**Roy M. Schleicher**  
County Coordinator

**T. Buckingham Bird**  
County Attorney

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

**Special-Purpose Financial Statements**

**September 30, 2011**

**Jefferson County, Florida**  
**Clerk of the Circuit Court**  
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**September 30, 2011**

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Tallahassee, FL 32308

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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, 2011, 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, 2011, 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 June 20, 2012 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.

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

Tallahassee, Florida  
June 20, 2012

## **Special-Purpose Financial Statements**



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

*September 30, 2011*

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	<b>General Fund</b>
<hr/>	
<b>Assets</b>	
Restricted cash and cash equivalents	\$ 88,902
Due from other funds	180
<hr/>	
Total assets	\$ 89,082
<hr/>	
<b>Liabilities</b>	
Deferred revenue	\$ 19,528
<hr/>	
Total liabilities	19,528
<hr/>	
<b>Fund balances</b>	
Restricted	69,554
<hr/>	
Total liabilities and fund balances	\$ 89,082
<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, 2011*

		<b>General Fund</b>
<b>Revenues</b>		
Charges for services	\$	153,806
Intergovernmental		407,279
<hr/>		
Total revenues		561,085
<hr/>		
<b>Expenditures</b>		
General government		
Personal services		336,111
Operating expenses		64,209
Court-related		
Personal services		277,991
Operating expenses		88,199
<hr/>		
Total expenditures		766,510
<hr/>		
Excess (deficiency) of revenues over (under) expenditures		(205,425)
<hr/>		
<b>Other financing sources (uses)</b>		
Transfers in		215,000
<hr/>		
Net other financing sources (uses)		215,000
<hr/>		
<b>Net change in fund balances</b>		9,575
<hr/>		
<b>Fund balances - beginning - Restricted</b>		59,979
<hr/>		
<b>Fund balances - ending - Restricted</b>	\$	69,554
<hr/> <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 - Budget and Actual  
General Fund**

*For the year ended September 30, 2011*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Charges for services	\$ 234,259	\$ 234,259	\$ 153,806	\$ (80,453)
Intergovernmental	412,560	412,560	407,279	(5,281)
Total revenues	646,819	646,819	561,085	(85,734)
<b>Expenditures</b>				
General government				
Personal services	336,108	336,108	336,111	(3)
Operating expenses	104,955	104,955	64,209	40,746
Court-related				
Personal services	323,600	323,600	277,991	45,609
Operating expenses	97,156	97,156	88,199	8,957
Total expenditures	861,819	861,819	766,510	95,309
Excess (deficiency) of revenues over (under) expenditures	(215,000)	(215,000)	(205,425)	9,575
<b>Other financing sources (uses)</b>				
Transfers in	215,000	215,000	215,000	-
Net other financing sources (uses)	215,000	215,000	215,000	-
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,575</b>	<b>\$ 9,575</b>

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, 2011*

---

	<b>Agency Funds</b>
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 369,540
<hr/>	
Total assets	\$ 369,540
<hr/> <hr/>	
<b>Liabilities</b>	
Due to others	\$ 369,540
<hr/>	
Total liabilities	\$ 369,540
<hr/> <hr/>	

See accompanying notes to financial statements.

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

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

***Reporting Entity***

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

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

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

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

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

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

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

**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**

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

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

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

***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**

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**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.

**Governmental Fund Balances**

The Clerk adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Type Definitions* (GASB Statement No. 54) effective October 1, 2010. This GASB Statement clarifies governmental fund balance classifications and fund-type definitions. Fund balances are classified either as non-spendable or spendable. See Note 6.

***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**

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**NOTE 2 DEPOSITS AND INVESTMENTS**

At September 30, 2011, the carrying amount of the Clerk's cash and cash equivalents and restricted cash was \$458,442 and the bank balance was \$499,581. 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.

The Clerk's investment practices are governed by Chapter 218.415 of the Florida Statutes. The Clerk is authorized to invest in certificates of deposit, money market certificates, obligations of the US Treasury, mutual funds and repurchase agreements collateralized by U.S. Government securities, and the Local Government Surplus Trust Fund.

The Clerk invested funds in the Florida State Board of Administration Local Government Surplus Funds Investment Pool. At September 30, 2011, the market value and the carrying value of these funds were \$119,228. The funds are carried as a cash equivalent on the balance sheet at September 30, 2011 (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, 2011. 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, 2011. The Fair Value factor for Fund B for September 30, 2011, is .7568386.

As of September 30, 2011, the Board had \$116,520 and \$2,708 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](http://www.sbafla.com/prime).

***Credit Risk***

As of September 30, 2011, 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***

The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2011, is 38 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, 2011, is estimated at 4.82 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, 2011, the Clerk did not hold any deposits or investments that were considered to have custodial credit risk.

***Concentration of Credit Risk***

At September 30, 2011, 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, 2011, was as follows:

	<b>BEGINNING BALANCE</b>	<b>ADDITIONS</b>	<b>REDUCTIONS</b>	<b>ENDING BALANC E</b>	<b>DUE WITHIN ONE YEAR</b>
<b>Governmental activities:</b>					
Compensated absences	\$ 27,190	\$ -	\$ 5,232	\$ 21,958	\$ -
<b>Total</b>	<b>\$ 27,190</b>	<b>\$ -</b>	<b>\$ 5,232</b>	<b>\$ 21,958</b>	<b>\$ -</b>

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**

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**NOTE 4 EMPLOYEE PENSION PLAN**

The Clerk 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. 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](http://www.frs.state.fl.us/frs/public/annual).

For those employees hired prior to July 1, 2011, FRS 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. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of credible service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Prior to July 1, 2011, retirement coverage was employee noncontributory. Effective July 1, 2011 the Florida Legislature mandated all employees contribute 3% to their retirement coverage with immediate vesting of their contributions.

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

	<b>10/01/10 Through 06/30/11</b>	<b>07/01/11 Through 09/30/11</b>
Regular employees	10.77%	4.91%
Senior Management	14.57%	6.27%
Elected county officials' class	18.64%	11.14%
Special risk employees	23.25%	14.10%
Drop participants	12.25%	4.42%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2010 through September 30, 2011, the total payroll for the Clerk employees covered by the System was \$508,588. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2011, 2010 and 2009 were \$56,033, \$58,879 and \$51,757 respectively, which equal the required contributions. For the year ended September 30, 2011, retirement contributions represent 11.02% of covered payroll.

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

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**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, 2011, the amounts received and unearned are in the amount of \$19,528.

**NOTE 6 FUND EQUITY**

Fund balances are classified based upon a hierarchy of the County's ability to control spending of these fund balances and can be classified in the following categories:

**Non Spendable** – Amounts that cannot be spent because they are either not spendable in form or they are legally or contractually required to be maintained intact.

**Restricted** – Amounts that can be spent only for purposes stipulated by external parties, constitution provision or enabling legislation.

**Committed** – Amounts constrained for a specific purpose by the Board of County Commissioners.

**Assigned** – For the general fund, amounts constrained for the intent to be used for a specific purpose by the Board of County Commissioners. For all governmental funds other than the general fund, any positive remaining amounts not classified as nonspendable, restricted or committed.

**Unassigned** – All amounts not included in other spendable classifications.

At September 30, 2011, restricted fund balance is comprised of the following:

<b>Funds</b>	<b>Purpose</b>	
General Fund	Funding for:	
	Modernization of Public Records	\$ 12,269
	Court-related technology	14,255
	Court-related operational needs and program enhancements	43,030
	<b>Total restricted fund equity</b>	<b>\$ 69,554</b>

**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, 2011.

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

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

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**NOTE 7 EXCESS REVENUE (CONTINUED)**

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 30<sup>th</sup> of each year will be sent to DOR. Excess court revenues for the period October 1, 2010 through June 30, 2011 totaled \$182 and were returned by August 15, 2011.

## **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, 2011, and have issued our report thereon dated June 20, 2012. 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 C08-01**

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 C08-02**

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.*

June 20, 2012

## 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, 2011, and have issued our report thereon dated June 20, 2012.

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 June 20, 2012, 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.

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

June 20, 2012



# KIRK REAMS

Jefferson County  
Clerk of Court & CFO

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

June 20, 2012

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

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<sup>th</sup>, 2011:

**#1: NEED FOR SEGREGATION OF DUTIES C08-01**

Management Response: We are aware of the importance of separation duties for effective internal control. Due to limited staff, we are not in an ideal environment to accomplish or implement ideal internal controls. However, every effort will be put forth to strengthen our internal processes and procedures to improve upon any internal control deficiencies.

**#2: PREPARATION OF GAAP-BASED FINANCIAL STATEMENTS C08-02**

Management Response: Current staff now includes an individual with the educational background and practical expertise to allow us to move forward with the preparation of annual financial statements.

Sincerely,

Kirk B. Reams, Clerk of Court



**Jefferson County, Florida  
Property Appraiser**

**Special-Purpose Financial Statements**

**September 30, 2011**

**Jefferson County, Florida**  
**Property Appraiser**  
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**September 30, 2011**

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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, 2011, 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, 2011, 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 June 20, 2012, 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.

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

June 20, 2012



## **Special-Purpose Financial Statements**

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

*September 30, 2011*

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	<b>General Fund</b>
<hr/>	
<b>Assets</b>	
Cash	\$ 16,185
<hr/>	
Total assets	\$ 16,185
<hr/> <hr/>	
<b>Liabilities</b>	
Due to Board of County Commissioners	16,185
<hr/>	
Total liabilities	16,185
<hr/>	
<b>Fund balance</b>	-
<hr/>	
Total liabilities and fund balance	\$ 16,185
<hr/> <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, 2011*

	<b>General Fund</b>
<hr/>	
<b>Revenues</b>	
Charges for services	\$ 9,814
Investment earnings	3
<hr/>	
Total revenues	9,817
<hr/>	
<b>Expenditures</b>	
General government	
Personal services	317,139
Operating expenses	115,825
Capital outlay	4,695
<hr/>	
Total expenditures	437,659
<hr/>	
Excess (deficiency) of revenues over (under) expenditures	(427,842)
<hr/>	
<b>Other financing sources (uses)</b>	
Transfers in	443,934
Transfers out	(16,092)
<hr/>	
Net other financing sources (uses)	427,842
<hr/>	
<b>Net change in fund balance</b>	-
<hr/>	
<b>Fund balance - beginning</b>	-
<hr/>	
<b>Fund balance - ending</b>	\$ -
<hr/> <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, 2011*

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
<b>Expenditures</b>				
General government				
Personal services	\$ 314,184	\$ 318,184	\$ 317,139	\$ 1,045
Operating expenses	125,126	121,126	106,008	15,118
Capital outlay	4,624	4,624	4,695	(71)
Total expenditures	443,934	443,934	427,842	16,092
Excess (deficiency) of revenues over (under) expenditures	(443,934)	(443,934)	(427,842)	16,092
<b>Other financing sources (uses)</b>				
Transfer in	443,934	443,934	443,934	-
Transfer out	-	-	(16,092)	(16,092)
Net other financing sources (uses)	443,934	443,934	427,842	(16,092)
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to financial statements.

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

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

***Reporting Entity***

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

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

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

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

Entity status for financial reporting 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.

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

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

---

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

***Basis of Presentation***

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

	<b>Total Expenditures</b>	<b>Total Revenue</b>
GAAP basis	\$ 437,659	\$ 437,659
Non-budgeted revenues and expenditures:		
Revenues other than appropriations from the Board of County Commissioners and related expenditures	(9,817)	(9,817)
Budgetary basis	\$ 427,842	\$ 427,842

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

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**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.

***Subsequent Events***

The Property Appraiser has evaluated subsequent events through the date of the Auditors' Report.

**NOTE 2 DEPOSITS AND INVESTMENTS**

At September 30, 2011, the carrying amount of the Property Appraiser's cash and cash equivalents was \$16,185 and the bank balance was \$62,060. 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



**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, 2011, the Property Appraiser did not hold any deposits or investments that were considered to have credit risk.

***Interest Rate Risk***

At September 30, 2011, the Property Appraiser did not hold any investments.

***Custodial Credit Risk***

At September 30, 2011, the Property Appraiser did not hold any deposits or investments that were considered to have custodial risk.

***Concentration of Credit Risk***

At September 30, 2011, 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, 2011, was as follows:

	<b>BEGINNING BALANCE</b>	<b>ADDITIONS</b>	<b>REDUCTIONS</b>	<b>ENDING BALANC E</b>	<b>DUE WITHIN ONE YEAR</b>
<b>Governmental activities:</b>					
Compensated absences	\$ 7,444	\$ -	\$ 209	\$ 7,235	\$ -
<b>Total</b>	<b>\$ 7,444</b>	<b>\$ -</b>	<b>\$ 209</b>	<b>\$ 7,235</b>	<b>\$ -</b>

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

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**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](http://www.frs.state.fl.us/frs/public/annual).

The System provides vesting benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Retirement coverage is employee noncontributory. Prior to July 1, 2011, retirement coverage was employee noncontributory. Effective July 1, 2011 the Florida Legislature mandated all employee contribute 3% to their retirement coverage with immediate vesting of their contributions

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

	<b>10/01/10 Through <u>06/30/11</u></b>	<b>07/01/11 Through <u>09/30/11</u></b>
Regular employees	10.77%	4.91%
Elected county officials' class	18.64%	11.14%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 01, 2010 through September 30, 2011, the total payroll for the Property Appraiser employees covered by the System was \$266,277. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2011, 2010 and 2009 were \$29,874, \$30,005 and \$29,361 respectively, which equal the required contributions. For the year ended September 30, 2011 retirement contributions represent 11% of covered payroll.

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

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**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, 2011, and have issued our report thereon dated June 20, 2012. 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 AND RECOMMENDATIONS:**

### **Need for Segregation of Duties PA08-01**

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 PA08-02**

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.

---

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

June 20, 2012



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

(850) 878-8777  
(850) 878-2344 (fax)  
www.cricpa.com

## 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, 2011, and have issued our report thereon dated June 20, 2012.

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 June 20, 2012, 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.

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

June 20, 2012



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

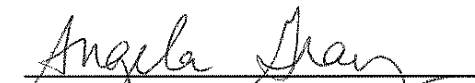
Re: 2009-2010 Audit

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, 2011**

**Jefferson County, Florida**  
**Sheriff**  
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**September 30, 2011**

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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, 2011, 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, 2011, 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 February 1, 2012, 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.

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

Tallahassee, Florida

February, 2012

## **Special-Purpose Financial Statements**

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

*September 30, 2011*

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	<b>General Fund</b>
<hr/>	
<b>Assets</b>	
Cash	\$ 36
<hr/>	
Total assets	\$ 36
<hr/>	
<b>Liabilities</b>	
Due to others	\$ 36
<hr/>	
Total liabilities	36
<hr/>	
<b>Fund balance</b>	-
<hr/>	
Total liabilities and fund balances	\$ 36
<hr/>	

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, 2011*

	<b>General Fund</b>
<hr/>	
<b>Revenues</b>	
Grants	\$ 252,951
<hr/>	
Total revenues	252,951
<hr/>	
<b>Expenditures</b>	
Current:	
Public safety and health - Personal services	2,737,172
Public safety and health - Operating expenses	806,229
Capital outlay	93,899
<hr/>	
Total expenditures	3,637,300
<hr/>	
Excess (deficiency) of revenues over (under) expenditures	(3,384,349)
<hr/>	
<b>Other financing sources (uses)</b>	
Transfers in	3,384,385
Transfers out	(36)
<hr/>	
Net other financing sources (uses)	3,384,349
<hr/>	
<b>Net change in fund balance</b>	-
<hr/>	
<b>Fund balance - beginning</b>	-
<hr/>	
<b>Fund balance - ending</b>	\$ -
<hr/>	

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, 2011*

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental	\$ 265,337	\$ 265,337	\$ 252,951	\$ (12,386)
Total revenues	265,337	265,337	252,951	(12,386)
<b>Expenditures</b>				
Current:				
Public safety and health - Personal services	2,722,371	2,722,371	2,737,172	(14,801)
Public safety and health - Operating expenses	849,851	849,851	806,229	43,622
Capital outlay	77,500	77,500	93,899	(16,399)
Total expenditures	3,649,722	3,649,722	3,637,300	12,422
Excess (deficiency) of revenues over (under) expenditures	(3,384,385)	(3,384,385)	(3,384,349)	36
<b>Other financing sources (uses)</b>				
Transfers in	3,384,385	3,384,385	3,384,385	-
Transfers out	-	-	(36)	(36)
Total other financing sources	3,384,385	3,384,385	3,384,349	(36)
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to financial statements.

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

*September 30, 2011*

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	<b>Agency Funds</b>
<b>Assets</b>	
Cash	\$ 71,166
Total assets	\$ 71,166
<b>Liabilities</b>	
Due to others	\$ 71,166
Total liabilities	\$ 71,166

See accompanying notes to financial statements.

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

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

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

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

***Basis of Presentation***

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

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**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 grant revenues. 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**

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**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. 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.

***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**

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

***Management Estimates and Assumptions***

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

***Subsequent Events***

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

**NOTE 2 - DEPOSITS AND INVESTMENTS**

At September 30, 2011, the carrying amount of the Sheriff's cash and cash equivalents and restricted cash was \$71,202 and the bank balance was \$216,172. 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, 2011, the Sheriff did not hold any deposits or investments that were considered to have credit risk.

***Interest Rate Risk***

At September 30, 2011, the Sheriff did not hold any investments that were considered to have interest rate risk.

***Custodial Credit Risk***

At September 30, 2011, 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, 2011, 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, 2011, was as follows:

	<b>BEGINNING BALANCE</b>	<b>ADDITIONS</b>	<b>REDUCTIONS</b>	<b>ENDING BALANCE</b>	<b>DUE WITHIN ONE YEAR</b>
<b>Governmental activities:</b>					
Compensated absences	\$ 106,773	\$ 12,465	\$ -	\$ 119,238	\$ 29,810
<b>Total</b>	<b>\$ 106,773</b>	<b>\$ 12,465</b>	<b>\$ -</b>	<b>\$ 119,238</b>	<b>\$ 29,810</b>

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](http://www.frs.state.fl.us/frs/public/annual).

**Jefferson County, Florida  
Sheriff**

**Notes to Special-Purpose Financial Statements**

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**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. Prior to July 1, 2011, retirement coverage was employee noncontributory. Effective July 1, 2011 the Florida Legislature mandated all employee contribute 3% to their retirement coverage with immediate vesting of their contributions.

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

	<b>10/01/10 Through 06/30/11</b>	<b>07/01/11 Through 9/30/11</b>
Regular employees	10.77%	4.91%
Senior management	14.57%	6.27%
Elected county officials	18.64%	11.14%
Special risk employees	23.25%	14.10%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2010 through September 30, 2011, the total payroll for all employees was \$1,964,637 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, 2011, 2010 and 2009 the Jefferson County Sheriff contributed \$306,692, \$318,653 and \$309,218, 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, 2011, 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**

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**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 \$36.

## **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 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, 2011, and have issued our report thereon dated February 1, 2012. 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.

To the Honorable David C. Hobbs  
Sheriff 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 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.

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

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.

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

February 1, 2012

## 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, 2011, and have issued our report thereon dated February 1, 2012.

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 February 1, 2012. 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.

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

Tallahassee, Florida

February 1, 2012

# 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

January 17, 2012

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

Re: 2010-2011 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, 2011.

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, 2011**

**Jefferson County, Florida**  
**Supervisor of Elections**  
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**September 30, 2011**

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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, 2011, 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, 2011, 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 February 20, 2012 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.*

February 20, 2012

## **Special-Purpose Financial Statements**

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

*September 30, 2011*

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	<b>General Fund</b>
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 13,359
<hr/>	
Total assets	\$ 13,359
<hr/>	
<b>Liabilities</b>	
Due to Board of County Commissioners	\$ 11,493
Deferred revenue	1,865
<hr/>	
Total liabilities	13,358
<hr/>	
<b>Fund balance</b>	-
<hr/>	
Total liabilities and fund balance	\$ 13,358
<hr/>	

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, 2011*

	<b>General Fund</b>
<hr/>	
<b>Revenues</b>	
Grants	\$ 1,813
Investment earnings	15
Total revenues	1,828
<hr/>	
<b>Expenditures</b>	
General government	
Personal services	129,955
Operating expenses	75,380
Total expenditures	205,335
<hr/>	
Excess (deficiency) of revenues over (under) expenditures	(203,507)
<hr/>	
<b>Other financing sources (uses)</b>	
Transfers in	215,000
Transfers out	(11,493)
Net other financing sources (uses)	203,507
<hr/>	
<b>Net change in fund balance</b>	-
<hr/>	
<b>Fund balance - beginning</b>	-
<hr/>	
<b>Fund balance - ending</b>	\$ -

See accompanying notes to financial statements.

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

*For the year ended September 30, 2011*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Grants	\$ -	\$ -	\$ 1,813	\$ 1,813
Investment earnings	-	-	15	15
Total revenues	-	-	1,828	1,828
<b>Expenditures</b>				
General government				
Personal services	132,000	132,000	129,955	2,045
Operating expenses	83,000	83,000	75,380	7,620
Total expenditures	215,000	215,000	205,335	9,665
Excess (deficiency) of revenues over (under) expenditures	(215,000)	(215,000)	(203,507)	11,493
<b>Other financing sources (uses)</b>				
Transfer in	215,000	215,000	215,000	-
Transfer out	-	-	(11,493)	(11,493)
Net other financing sources (uses)	215,000	215,000	203,507	(11,493)
<b>Net change in fund balance</b>	\$ -	\$ -	\$ -	\$ -

See accompanying note to financial statements.

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

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

***Reporting Entity***

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

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

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

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

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

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

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

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

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**NOTE 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 the general operating fund of the Supervisor of Elections. 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**  
**Supervisor of Elections**  
**Notes to Special-Purpose Financial Statements**

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

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

***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.

***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 Supervisor are capitalized at cost in the capital asset accounts of the County. The Supervisor's assets are reported in the statement of net assets in the County's financial statements. 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
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***Risk Management and Insurance***

The Supervisor 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.

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

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

***Subsequent Events***

The Supervisor has evaluated subsequent events through the date of the Auditors' Report.

**NOTE 2 DEPOSITS AND INVESTMENTS**

At September 30, 2011, the carrying amount of the Supervisor's cash and cash equivalents and restricted cash was \$13,359 and the bank balance was \$30,755. 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, 2011, the Supervisor did not hold any deposits or investments that were considered to have credit risk.

***INTEREST RATE RISK***

At September 30, 2011, the Supervisor did not hold any investments that were considered to have interest rate risk.

***CUSTODIAL CREDIT RISK***

At September 30, 2011, the Supervisor did not hold any deposits or investments that were considered to have custodial credit risk.

***CONCENTRATION OF CREDIT RISK***

At September 30, 2011, the Supervisor did not hold any investments that were considered to have concentration of credit risk.

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

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**NOTE 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, and Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. FRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by contacting the State of Florida Division of Retirement, Tallahassee, Florida 32399-1650, or by accessing their internet site at [www.frs.state.fl.us/frs/public/annual](http://www.frs.state.fl.us/frs/public/annual).

The System provides vesting benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Retirement coverage is employee noncontributory. Prior to July 1, 2011, retirement coverage was employee noncontributory. Effective July 1, 2011 the Florida Legislature mandated all employee contribute 3% to their retirement coverage with immediate vesting of their contributions.

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

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

	<b>10/01/10 Through <u>06/30/11</u></b>	<b>07/01/11 Through <u>09/30/11</u></b>
Regular employees	10.77%	4.91%
Elected county officials' class	18.64%	11.14%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 01, 2010 through September 30, 2011, the total payroll for the Supervisor's employees covered by the System was \$105,879. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2011, 2010 and 2009 were \$16,560, \$16,234 and \$15,563 respectively, which were the required contributions. For the year ended September 30, 2011 retirement contributions represent 15.64% of covered payroll.

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

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**NOTE 4 EXCESS REVENUE**

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

**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, 2011, 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**

**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, 2011, and have issued our report thereon dated February 20, 2012. 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 being 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.

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

February 20, 2012



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## 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, 2011, and have issued our report thereon dated February 20, 2012.

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.*

February 20, 2012



**Marty Bishop**

*Jefferson County  
Supervisor of Elections*

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

---

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

Dear Mr. Martin,

This is in reply to the auditor's findings and recommendations contained in my audit report for year ended September 30, 2011.

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 and 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, 2011**



**Jefferson County, Florida**  
**Tax Collector**  
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**September 30, 2011**

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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, Tax Collector (the "Tax Collector") as of and for the year ended September 30, 2011, as listed in the table of contents. These special-purpose financial statements are the responsibility of the management of the 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, 2011, 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 June 20, 2012 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.*

June 20, 2012

## **Special-Purpose Financial Statements**

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

*September 30, 2011*

	<b>General Fund</b>
<b>Assets</b>	
Cash	\$ 37,788
Total assets	\$ 37,788
<b>Liabilities</b>	
Due to Board of County Commissioners	\$ 37,788
Total liabilities	37,788
<b>Fund balance</b>	-
Total liabilities and fund balance	\$ 37,788

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, 2011*

	<b>General Fund</b>
<hr/>	
<b>Expenditures</b>	
General government	
Personal services	\$ 297,222
Operating expenses	65,425
<hr/>	
Total expenditures	362,647
<hr/>	
Excess (deficiency) of revenues over (under) expenditures	(362,647)
<hr/>	
<b>Other financing sources (uses)</b>	
Transfers in	400,435
Transfers out	(37,788)
<hr/>	
Net other financing sources (uses)	362,647
<hr/>	
<b>Net change in fund balance</b>	-
<hr/>	
<b>Fund balance - beginning</b>	-
<hr/>	
<b>Fund balance - ending</b>	\$ -
<hr/> <hr/>	

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, 2011*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Expenditures</b>				
General government				
Personal services	\$ 325,000	\$ 325,000	\$ 297,222	\$ 27,778
Operating expenses	111,838	111,838	65,425	46,413
Total expenditures	436,838	436,838	362,647	74,191
Excess (deficiency) of revenues over (under) expenditures	(436,838)	(436,838)	(362,647)	74,191
<b>Other financing sources (uses)</b>				
Transfers in	436,838	436,838	400,435	(36,403)
Transfers out	-	-	(37,788)	(37,788)
Net other financing sources (uses)	436,838	436,838	362,647	(74,191)
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to financial statements.

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

*September 30, 2011*

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	<b>Agency Funds</b>
<hr/>	
<b>Assets</b>	
Cash	\$ 825,746
<hr/>	
Total assets	\$ 825,746
<hr/> <hr/>	
<b>Liabilities</b>	
Due to other governments	\$ 825,746
<hr/>	
Total liabilities	\$ 825,746
<hr/> <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**

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**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, 2011, the carrying amount of the Tax Collector's cash and cash equivalents was \$863,534 and the bank balance was \$546,317. 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, 2011, the Tax Collector did not hold any deposits or investments that were considered to have credit risk.

***Interest Rate Risk***

At September 30, 2011, the Tax Collector did not hold any investments.

***Custodial Credit Risk***

At September 30, 2011, the Tax Collector did not hold any deposits or investments that were considered to have custodial risk.

***Concentration of Credit Risk***

At September 30, 2011, 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, 2011, was as follows:

	<b>BEGINNING BALANCE</b>	<b>ADDITIONS</b>	<b>REDUCTIONS</b>	<b>ENDING BALANCE</b>	<b>DUE WITHIN ONE YEAR</b>
<b>Governmental activities:</b>					
Compensated absences	\$ 8,259	\$ -	\$ 425	\$ 7,834	\$ -
<b>Total</b>	<b>\$ 8,259</b>	<b>\$ -</b>	<b>\$ 425</b>	<b>\$ 7,834</b>	<b>\$ -</b>

Accrued compensated absences represent the personal leave balances at September 30, 2011. 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**

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**NOTE 4 – EMPLOYEE BENEFITS**

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](http://www.frs.state.fl.us/frs/public/annual).

For those employees hired prior to July 1, 2011, FRS 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. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits 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. Prior to July 1, 2011, retirement coverage was employee noncontributory. Effective July 1, 2011 the Florida Legislature mandated all employees contribute 3% to their retirement coverage with immediate vesting of their contributions.

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

	<b>10/01/10 Through <u>06/30/11</u></b>	<b>07/01/11 Through <u>09/30/11</u></b>
Regular employees	10.77%	4.91%
Elected county officials' class	18.64%	11.14%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 01, 2010 through September 30, 2011, the total payroll for the Tax Collector's employees covered by the System was \$249,363. The retirement contributions for all employees covered by the FRS for the years ended September 2011, 2010 and 2009 were \$28,994, \$27,505 and \$27,599 which were the required contributions. For the year ended September 30, 2011 retirement contributions represent 11.63% of covered payroll.

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

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**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, 2011, excess revenues over expenditures of \$37,788 are accrued and reported as a transfer out.

## **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 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, 2011, and have issued our report thereon dated June 20, 2012. 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 as items TC06-01, TC08-01 AND TC08-02, 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 TC06-01**

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 \$17,723 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 TC08-01**

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 TC08-02**

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.

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

June 20, 2012

## 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, 2011, and have issued our report thereon dated June 20, 2012.

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 June 20, 2012. 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.

**CURRENT YEAR FINDING AND RECOMMENDATION:**

COMMENT TC 11-01: No warrants were issued for delinquent personal property taxes. Florida Statute 197.413 states that once the personal property tax has been delinquent for one year, the tax collector shall prepare warrants against the delinquent taxpayers providing for the levy upon, and seizure of tangible personal property.

RECOMMENDATION: We recommend the Tax Collector issue warrants on all applicable delinquent personal property and attempt collection of these taxes.

- 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.

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

Tallahassee, Florida  
June 20, 2012



*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

June 26, 2012

Auditor General  
P.O. Box 1735  
Tallahassee, Florida 32302

Dear Sir,

This is in reply to the audit report for the Jefferson County Tax Collector's Office performed by **Carr, Riggs & Ingram** for the fiscal year ending September 30, 2011. Although I agree with the auditor's finding and recommendations the cost/benefits is too costly for this office to hire additional personnel to prepare financial statements on our own.

I will continue to work diligently to notify delinquent personal property accounts of current and delinquent unpaid taxes to comply with Florida Statute. Extra effort was applied in collecting these delinquent personal property taxes. Please keep in mind that funds are limited for small counties for attorney fees, seizure of tangible personal property and storage of the seized property.

We will continue to provide current, accurate and reliable financial information and serve the citizens of Jefferson County, Florida in the most cost effective and efficient manner.

Sincerely,

Lois H. Hunter  
Tax Collector of Jefferson County