

Jefferson County, Florida

Financial Statements

September 30, 2012

**Jefferson County, Florida
FINANCIAL STATEMENTS
September 30, 2012**

BOARD OF COUNTY COMMISSIONERS

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

Jefferson County, Florida
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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, 2012, 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, 2012, 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 25, 2013, 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.

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

June 25, 2013

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, 2012. 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, before a change in accounting estimate, by \$325,829, or 2.42%. Beginning net assets were restated decreasing net assets by \$469,352, as discussed in the notes to these financial statements. The County does not have any business-type activities.
- During the year, the County generated tax and other revenues of \$325,829 more than the \$16.795 million of its primary governmental program expenses. For comparison, last year revenues exceeded expenses by \$289,739.
- The total cost of the County's programs increase by \$732,000 from the preceding year (an increase of 4.6%).
- The millage rate remained at 8.3226 mills, the same rate since 2007 but due to a small increase in the overall taxable value for the County, the Board lowered the millage rate for the 2012-2013 fiscal year to the rollback rate of 8.3119.
- There has been significant activity with regard to economic development in Jefferson County. In October 2012, the County purchased 26 acres adjacent to the Jefferson County Industrial Park in order to expand for future growth. The County gave 10 acres to Harrell Nut Company in an effort to attract the establishment of their pecan processing operations in the County and provide 50-80 jobs. In addition, the County committed to borrowing \$800,000 to construct a warehouse for American Hunter, an internet distribution company located at the Industrial Park. Also, Tractor Supply Company has committed to opening a store on US-19 and anticipates employing approximately 20 people.

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.

Jefferson County, Florida

Management's Discussion and Analysis

Reporting the County as a Whole

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

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

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

Reporting on the County's Most Significant Funds

The fund financial statements begin on page 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.

Jefferson County, Florida Management's Discussion and Analysis

The County as Trustee

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

THE COUNTY AS A WHOLE

The County's net assets, before a change in accounting estimate, increased by \$325,829 from a year ago. The change in accounting estimate was \$708,738, as discussed in the notes to these financial statements. Beginning net assets were decreased by \$469,352, as discussed in the notes to these financial statements. The total change in net assets was \$565,215. Our analysis is detailed below regarding Table 1, net assets and Table 2, changes in net assets.

	Governmental Activities	
	<u>9/30/2012</u>	<u>9/30/2011</u>
Cash and other assets	\$ 11,190,248	\$ 10,272,527
Capital assets - net	<u>8,983,990</u>	<u>8,576,771</u>
Total assets	<u>20,174,238</u>	<u>18,849,298</u>
Long-term debt outstanding	3,229,101	4,084,442
Other liabilities	<u>2,439,162</u>	<u>824,096</u>
Total liabilities	<u>5,668,263</u>	<u>4,908,538</u>
Net assets:		
Invested in capital assets, net of debt	6,772,866	6,229,471
Restricted	6,377,509	7,179,857
Unrestricted	<u>1,355,600</u>	<u>531,432</u>
Total net assets	<u>\$ 14,505,975</u>	<u>\$ 13,940,760</u>

Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, increased by \$824,168 (or 155.08%) over the prior year. Restricted net assets decreased by \$802,348 (or 11.17%) from the prior year.

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

**Table 2
Changes in Net Assets**

	Governmental Activities	
	<u>9/30/2012</u>	<u>9/30/2011</u>
Revenues		
Program revenues:		
Charges for services	\$ 1,941,433	\$ 1,573,035
Federal and state grants	3,620,981	2,286,429
General revenues:		
Property and other taxes	9,187,574	9,979,630
Intergovernmental revenues	-	-
Other general revenues	<u>2,371,360</u>	<u>2,514,246</u>
Total revenues	<u>17,121,348</u>	<u>16,353,340</u>
Program expenses:		
General government	3,993,570	4,314,470
Transportation	2,254,829	2,249,937
Public safety and judiciary	6,639,142	6,683,024
Health and sanitation	1,477,224	1,363,430
Economic development	1,662,555	930,787
Culture and recreation	646,286	365,877
Interest on long-term debt	<u>121,913</u>	<u>156,076</u>
Total program expenses	<u>16,795,519</u>	<u>16,063,601</u>
Increase (decrease) in net assets	<u>\$ 325,829</u>	<u>\$ 289,739</u>

The County's total revenue increased by 4.70%, or \$768,008 during the year while total expenses decreased by 4.56%, or \$731,918. The county experienced a drop in the amount of grants it accepted and in charges for services. Tax revenues also dropped from the prior year.

Jefferson County, Florida Management's Discussion and Analysis

THE COUNTY'S FUNDS

The County's governmental funds (as presented in the balance sheet on page 6) reported a *combined* fund balance of \$8.751 million, which is an increase of \$697,345 over the prior year. Included in this year's total change in fund balance is a increase of \$140,282 in the County's general fund balance. The general fund had an excess of expenditures over revenues of \$231,306 and net transfers from other funds of \$371,588 resulting in the increase in fund balance noted above. In addition, these other changes in fund balances should be noted:

- The transportation trust fund incurred an deficit of expenditures over revenues of \$257,687 and net other financing sources of \$371,374 resulting in an increase in fund balance of \$113,687.

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 \$8.984 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 \$407,219 includes capital additions of \$1,598,619, disposals of (\$176,783) and depreciation of (\$871,993). Table 3 below details the composition of these assets.

(Net of Depreciation)

	Governmental Activities	
	<u>9/30/2012</u>	<u>9/30/2011</u>
Land	\$ 1,681,922	\$ 1,321,507
Buildings & Improvements	4,833,438	5,217,987
Equipment	2,405,190	1,991,775
Infrastructure	17,938	-
Construction in progress	<u>45,502</u>	<u>45,502</u>
Totals	<u>\$ 8,983,990</u>	<u>\$ 8,576,771</u>

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

Jefferson County, Florida Management's Discussion and Analysis

Debt

The County had various installment purchase obligations of \$467,124 and Revenue Bonds of \$1,744,000 outstanding at the end of the 2011 fiscal year, a decrease of \$136,176 as shown in Table 4.

Table 4
Outstanding Debt at Year-end

	Governmental Activities	
	<u>9/30/2012</u>	<u>9/30/2011</u>
Installment obligations, as restated (2011)	\$ 467,124	\$ 566,468
Revenue bond	<u>1,744,000</u>	<u>1,922,000</u>
Totals	<u>\$ 2,211,124</u>	<u>\$ 2,488,468</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 1st starting in 2001 through September 1, 2020.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 7,510,148
Restricted cash and cash equivalents	260,918
Accounts receivable	414,458
Due from other governmental units	2,909,480
Inventory	95,244
Capital assets, net	
Nondepreciable capital assets	1,727,424
Depreciable capital assets, net	7,256,566
Total assets	20,174,238
Liabilities	
Accounts payable and accrued expenses	2,336,331
Due to other agency	9,073
Deferred revenue	93,758
Long-term liabilities	
Portion due or payable within one year	
Capital lease obligations	103,710
Public improvement revenue bonds payable	186,000
Landfill closure and post-closure costs	50,632
Portion due or payable after one year	
Capital lease obligations	363,414
Public improvement revenue bonds payable	1,558,000
Compensated absences	368,286
Other post-employment benefit obligation	194,000
Landfill closure and post-closure costs	405,059
Total liabilities	5,668,263
Net assets	
Invested in capital assets, net of related debt	6,772,866
Restricted	6,377,509
Unrestricted	1,355,600
Total net assets	\$ 14,505,975

See accompanying notes to financial statements.

Jefferson County, Florida
Statement of Activities

For the year ended September 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government
						Total
Primary government						
Governmental activities						
General government	\$ 3,461,034	\$ 1,606,882	\$ 79,495	\$ -	\$ (1,774,657)	\$ (1,774,657)
Public safety	5,479,822	304,855	173,883	-	(5,001,084)	(5,001,084)
Fire safety	682,736	-	-	-	(682,736)	(682,736)
Physical environment	209,697	-	-	-	(209,697)	(209,697)
Health and sanitation	1,477,224	29,696	131,403	-	(1,316,125)	(1,316,125)
Transportation	2,254,829	-	1,437,343	-	(817,486)	(817,486)
Economic development	1,662,555	-	1,474,362	-	(188,193)	(188,193)
Human services	322,839	-	-	-	(322,839)	(322,839)
Culture and recreation	416,891	-	324,495	-	(92,396)	(92,396)
Agriculture	229,395	-	-	-	(229,395)	(229,395)
Court related	476,584	-	-	-	(476,584)	(476,584)
Interest on long-term debt	121,913	-	-	-	(121,913)	(121,913)
Total primary government	16,795,519	1,941,433	3,620,981	-	(11,233,105)	(11,233,105)
General revenues						
Taxes						
					4,476,669	4,476,669
					1,337,949	1,337,949
					3,372,956	3,372,956
					17,664	17,664
					2,353,696	2,353,696
					11,558,934	11,558,934
					325,829	325,829
					708,738	708,738
					1,034,567	1,034,567
					13,940,760	13,940,760
					(328,184)	(328,184)
					(141,168)	(141,168)
					13,471,408	13,471,408
					\$ 14,505,975	\$ 14,505,975

See accompanying notes to financial statements.

Jefferson County, Florida
Balance Sheet
Governmental Funds

September 30, 2012

	General Fund	Transportation	Landfill	Grants Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 5,714,642	\$ 720,145	\$ 47,471	\$ 184,454	\$ 843,436	\$ 7,510,148
Restricted cash and cash equivalents	260,918	-	-	-	-	260,918
Accounts receivable	414,458	-	-	-	-	414,458
Due from other funds	161,848	-	1,525,230	511,533	2,704,527	4,903,138
Due from other governmental units	2,401,793	331,954	33,350	8,742	195,879	2,971,718
Inventory	-	95,244	-	-	-	95,244
Total assets	\$ 8,953,659	\$ 1,147,343	\$ 1,606,051	\$ 704,729	\$ 3,743,842	\$ 16,155,624
Liabilities						
Accounts payable and accrued expenses	\$ 2,043,946	\$ 159,667	\$ 94,275	\$ -	\$ 38,443	\$ 2,336,331
Due to other funds	4,233,805	444,003	-	161,849	63,481	4,903,138
Due to other governmental units	62,238	-	-	-	-	62,238
Due to other agency	9,073	-	-	-	-	9,073
Deferred revenue	1,865	-	-	-	91,893	93,758
Total liabilities	6,350,927	603,670	94,275	161,849	193,817	7,404,538
Fund balances						
Nonspendable	-	95,244	-	-	-	95,244
Restricted	260,918	448,429	1,511,776	542,880	3,613,506	6,377,509
Unassigned	2,341,814	-	-	-	(63,481)	2,278,333
Total fund balances	2,602,732	543,673	1,511,776	542,880	3,550,025	8,751,086
Total liabilities and fund balances	\$ 8,953,659	\$ 1,147,343	\$ 1,606,051	\$ 704,729	\$ 3,743,842	\$ 16,155,624

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, 2012

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

Total fund balances – governmental funds	\$ 8,751,086
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the governmental funds.	8,983,990
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the governmental funds.	(3,229,101)
<hr/>	
Net assets of governmental activities	\$ 14,505,975

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, 2012

	General Fund	Transportation	Landfill	Grants Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 4,265,104	\$ 1,728,661	\$ -	\$ -	\$ 915,278	\$ 6,909,043
Licenses and permits	121,813	-	-	-	-	121,813
Intergovernmental	3,765,651	-	119,893	1,403,645	610,323	5,899,512
Charges for services	1,606,882	-	29,696	-	15,010	1,651,588
Fines and forfeitures	-	-	-	-	168,032	168,032
Investment earnings	15,493	853	412	9	897	17,664
Other fees and miscellaneous revenues	133,260	35,014	1,560,257	-	625,165	2,353,696
Total revenues	9,908,203	1,764,528	1,710,258	1,403,654	2,334,705	17,121,348
Expenditures						
Current:						
General government	2,801,768	-	-	-	-	2,801,768
Public health and safety	4,865,976	-	-	-	348,006	5,213,982
Fire safety	-	-	-	-	682,736	682,736
Physical environment	96,480	-	-	-	-	96,480
Health and sanitation	-	-	1,589,390	-	-	1,589,390
Transportation	198,044	1,872,013	-	-	-	2,070,057
Economic development	20,730	-	-	1,434,338	207,487	1,662,555
Human services	322,839	-	-	-	-	322,839
Culture and recreation	390,031	-	-	-	-	390,031
Agriculture	229,395	-	-	-	-	229,395
Court related	476,584	-	-	-	-	476,584
Capital outlay	737,662	32,535	246,243	-	582,179	1,598,619
Debt service						
Principal	-	99,344	-	-	463,000	562,344
Interest and other charges	-	18,323	-	-	103,590	121,913
Total expenditures	10,139,509	2,022,215	1,835,633	1,434,338	2,386,998	17,818,693
Excess (deficiency) of revenues over (under) expenditures	(231,306)	(257,687)	(125,375)	(30,684)	(52,293)	(697,345)
Other financing sources (uses)						
Transfers in	3,439,762	371,374	-	-	2,696,800	6,507,936
Transfers out	(3,068,174)	-	-	-	(3,439,762)	(6,507,936)
Net other financing sources (uses)	371,588	371,374	-	-	(742,962)	-
Net changes in fund balances	140,282	113,687	(125,375)	(30,684)	(795,255)	(697,345)
Fund balances - beginning	2,462,450	429,986	1,637,151	573,564	4,345,280	9,448,431
Fund balances - ending	\$ 2,602,732	\$ 543,673	\$ 1,511,776	\$ 542,880	\$ 3,550,025	\$ 8,751,086

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, 2012

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

Net change in fund balances - total governmental funds	\$ (697,345)
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of activities.	1,598,619
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.	(862,525)
The net effect of transactions involving capital assets (i.e. sales, transfers and donations) included in the governmental activities in the statement of activities.	(691)
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.	277,344
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.	(98,000)
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	112,166
Compensated absences	(3,739)
Change in net assets of governmental activities	\$ 325,829

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, 2012

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	\$ 4,229,805	\$ 4,229,805	\$ 4,265,104	\$ 35,299
Licenses and permits	138,500	138,500	121,813	(16,687)
Intergovernmental	3,479,353	3,498,881	3,765,651	266,770
Charges for services	1,267,138	1,267,138	1,606,882	339,744
Investment earnings	30,000	30,000	15,493	(14,507)
Other fees and miscellaneous revenues	50,000	50,000	133,260	83,260
Total revenues	9,194,796	9,214,324	9,908,203	693,879
Expenditures				
Current:				
General government	3,557,186	3,580,089	2,801,768	778,321
Public health and safety	4,738,412	4,738,412	4,865,976	(127,564)
Physical environment	82,270	82,270	96,480	(14,210)
Transportation	-	-	198,044	(198,044)
Economic environment	20,350	20,350	20,730	(380)
Human services	239,806	239,806	322,839	(83,033)
Culture and recreation	353,605	353,605	390,031	(36,426)
Agriculture	235,184	235,184	229,395	5,789
Court related	607,814	590,414	476,584	113,830
Capital outlay	177,313	196,841	737,662	(540,821)
Reserve for contingencies	50,000	50,000	-	50,000
Total expenditures	10,061,940	10,086,971	10,139,509	(52,538)
Excess (deficiency) of revenues over (under) expenditures	(867,144)	(872,647)	(231,306)	641,341
Other financing sources (uses)				
Transfers in	3,328,385	3,328,385	3,439,762	111,377
Transfers out	(3,073,702)	(3,068,199)	(3,068,174)	25
Net other financing sources (uses)	254,683	260,186	371,588	111,402
Net change in fund balance	(612,461)	(612,461)	140,282	752,743
Fund balance - beginning	2,462,450	2,462,450	2,462,450	-
Fund balance - ending	\$ 1,849,989	\$ 1,849,989	\$ 2,602,732	\$ 752,743

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, 2012

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	\$ 1,664,386	\$ 1,664,386	\$ 1,728,661	\$ 64,275
Investment earnings	-	-	853	853
Other fees and miscellaneous revenues	-	-	35,014	35,014
Total revenues	1,664,386	1,664,386	1,764,528	100,142
Expenditures				
Current:				
Transportation	1,904,431	1,904,431	1,872,013	32,418
Capital outlay	60,000	60,000	32,535	27,465
Debt service				
Principal	-	-	99,344	(99,344)
Interest and other charges	-	-	18,323	(18,323)
Reserve for contingencies	71,329	71,329	-	71,329
Total expenditures	2,035,760	2,035,760	2,022,215	13,545
Excess (deficiency) of revenues over (under) expenditures	(371,374)	(371,374)	(257,687)	113,687
Other financing sources (uses)				
Transfers in	371,374	371,374	371,374	-
Net other financing sources (uses)	371,374	371,374	371,374	-
Net change in fund balance	-	-	113,687	113,687
Fund balance - beginning	429,986	429,986	429,986	-
Fund balance - ending	\$ 429,986	\$ 429,986	\$ 543,673	\$ 113,687

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, 2012

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 112,088	\$ 112,088	\$ 119,893	\$ 7,805
Charges for services	5,000	5,000	29,696	24,696
Investment earnings	-	-	412	412
Other fees and miscellaneous revenues	1,544,832	1,544,832	1,560,257	15,425
Total revenues	1,661,920	1,661,920	1,710,258	48,338
Expenditures				
Current:				
Health and sanitation	1,755,444	1,755,444	1,589,390	166,054
Capital outlay	21,381	21,381	246,243	(224,862)
Contingency	709,100	709,100	-	709,100
Total expenditures	2,485,925	2,485,925	1,835,633	650,292
Excess (deficiency) of revenues over (under) expenditures	(824,005)	(824,005)	(125,375)	698,630
Net change in fund balance	(824,005)	(824,005)	(125,375)	698,630
Fund balance - beginning	1,637,151	1,637,151	1,637,151	-
Fund balance - ending	\$ 813,146	\$ 813,146	\$ 1,511,776	\$ 698,630

See accompanying notes to financial statements.

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

For the year ended September 30, 2012

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 1,450,000	\$ 1,450,000	\$ 1,403,645	\$ (46,355)
Investment earnings	-	-	9	9
Total revenues	1,450,000	1,450,000	1,403,654	(46,346)
Expenditures				
Current:				
Economic environment	1,450,000	1,450,000	1,434,338	15,662
Total expenditures	1,450,000	1,450,000	1,434,338	15,662
Excess (deficiency) of revenues over (under) expenditures	-	-	(30,684)	(30,684)
Net change in fund balance	-	-	(30,684)	(30,684)
Fund balance - beginning	573,564	573,564	573,564	-
Fund balance - ending	\$ 573,564	\$ 573,564	\$ 542,880	\$ (30,684)

See accompanying notes to financial statements

Jefferson County, Florida
Statement of Fiduciary Net Assets
Agency Funds

September 30, 2012

	Agency Funds
<hr/>	
Assets	
Cash and cash equivalents	\$ 1,426,713
<hr/>	
Total assets	\$ 1,426,713
<hr/> <hr/>	
Liabilities	
Due to other governments	\$ 1,097,453
Due to others	329,260
<hr/>	
Total liabilities	\$ 1,426,713
<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.

Grant Fund- the Grant Fund is used to account for grant activities for 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:

Assets	Years
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 12.

Net Assets

For the year ending September 30, 2012, 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 2012 millage rate assessed by the County was 8.3114 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 \$9,197,779 and the bank balance was \$9,555,280. 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, 2012, 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, 2012 (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)

As a Florida PRIME participant, the County invests in a pool of investments whereby the County owns a share of the respective pool, not the underlying securities. The State Board of Administration's interpretation of GASB 31 is that the Florida PRIME is currently considered a Securities and Exchange Commission Rule 2a7-like fund, as of September 30, 2012. 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, 2012. The Fair Value factor for Fund B for September 30, 2012, is .94896811.

As of September 30, 2012, 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.

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, 2012, 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, 2012, is 39 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, 2012, is estimated at 4.08 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, 2012, 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, 2012, 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 \$862,708 and are shown net of allowance of doubtful accounts and contractual adjustments of \$448,250. 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 \$346,000.

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, 2012 were as follows:

Fund	TRANSFER IN	TRANSFER OUT	PURPOSE
General fund:			
County Transportation Trust Fund	\$ -	\$ 371,374	(1)
Nonmajor funds	3,439,762	2,696,800	(1) (2)
Total General Fund	3,439,762	3,068,174	
County Transportation Trust Fund:			
General Fund	371,374	-	(1)
Nonmajor governmental funds:			
General Fund	2,696,800	3,439,762	(2) (1)
Total	\$ 6,507,936	\$ 6,507,936	

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, 2012 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, 2012, consisted of the following:

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ 161,848	\$ 4,233,805
County Transportation Trust Fund	-	444,003
Landfill Fund	1,525,230	-
Grants Fund	511,533	161,849
Nonmajor governmental funds		
Fine and Forfeiture Fund	761,557	-
SHIP Trust Fund	3,254	-
Fire Assessment Fund	705,209	-
E-911 Fund	1,234,507	-
Debt Service Fund	-	63,481
Total	\$ 4,903,138	\$ 4,903,138

NOTE 7 - DUE FROM OTHER GOVERNMENTS

Due from other governments consists of funds earned as of September 30, 2012, but not yet received by the County. The majority of these amounts were received in October and November 2012.

Jefferson County, Florida
Notes to Financial Statements

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2012, was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 1,321,507	\$ 361,106	\$ 691	\$ 1,681,922
Construction in progress	45,502	-	-	45,502
Total capital assets, not being depreciated	1,367,009	361,106	691	1,727,424
Capital assets, being depreciated:				
Buildings and improvements	8,195,420	34,669	-	8,230,089
Equipment	7,945,194	919,466	32,159	8,832,501
Equipment, Sheriff	1,767,502	265,440	143,933	1,889,009
Roads	26,040,640	17,938	-	26,058,578
Total capital assets, being depreciated	43,948,756	1,237,513	176,092	45,010,177
Less: Total accumulated depreciation	37,067,178	871,993	185,560	37,753,611
Total capital assets, being depreciated, net	6,881,578	365,520	(9,468)	7,256,566
Governmental activities capital assets, net	\$ 8,248,587	\$ 726,626	\$ (8,777)	\$ 8,983,990

Depreciation expense was charged to functions as follows:

Governmental activities		
General government		\$ 269,742
Public safety		277,402
Physical environment		113,217
Transportation		184,772
Culture and recreation		26,860
Total depreciation expense-governmental activities		\$ 871,993

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, 2012, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Revenue bonds	\$ 1,922,000	\$ -	\$ 178,000	\$ 1,744,000	\$ 186,000
Capital lease obligations	566,468	-	99,344	467,124	103,710
Compensated absences	364,547	9,902	6,163	368,286	-
Landfill closure and post-closure costs	1,276,595	-	820,904	455,691	50,632
Total	\$ 4,129,610	\$ 9,902	\$ 1,104,411	\$ 3,035,101	\$ 340,342

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, 2012 are as follows:

FISCAL YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES			
	REVENUE BONDS		CAPITAL LEASE OBLIGATIONS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2013	\$ 186,000	\$ 78,480	\$ 103,710	\$ 13,958
2014	194,000	70,110	90,147	9,357
2015	203,000	61,380	44,016	6,691
2016	212,000	52,245	229,251	730
2017	222,000	42,705	-	-
2018-2022	727,000	66,375	-	-
Total	\$ 1,744,000	\$ 371,295	\$ 467,124	\$ 30,736

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 - 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.

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:

	10/01/11 Through <u>06/30/12</u>	07/01/12 Through <u>9/30/12</u>
Regular employees	4.91%	5.18%
Senior management	6.27%	6.30%
Elected county officials' class	11.14%	10.23%
Special risk employees	14.10%	14.90%
DROP plan participants	4.42%	5.44%

Contribution rates equal actuarial determined rates. For the period October 01, 2011 through September 30, 2012, the total payroll for all employees and the retirement contributions for all employees covered by FRS were as follows:

	Payroll Expense	Retirement Contributions
Board of County Commissioners	\$ 2,663,044	\$ 197,804
Clerk of the Circuit Court	559,240	32,734
Sheriff	1,991,863	192,375
Property Appraiser	269,583	18,025
Tax Collector	265,732	16,766
Supervisor of Elections	109,534	10,631
Total	\$ 5,858,996	\$ 468,335

NOTE 10 - EMPLOYEE BENEFITS (CONTINUED)

The County's contributions to the Plan for the years ended September 30, 2012, 2011 and 2010 were \$468,335, \$757,382 and \$798,532 respectively, which equal the required contributions. For the year ended September 30, 2012, retirement contributions represent 7.99% 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 11 - 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, 2012, 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 12 - 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 \$95,244 in non-spendable net assets which represents the inventory balance at September 30, 2012.

Jefferson County, Florida
Notes to Financial Statements

NOTE 12 – FUND EQUITY (CONTINUED)

Restricted Fund Balance:

Funds	Purpose		
General Fund	Funding for:		
	Landfill escrow	\$ 128,643	
	Medical impact fees	55,021	
	Tourist development tax	41,969	
	Fire impact fees	35,285	
Total general fund			\$ 260,918
Special Revenue Fund	Funding for:		
	Transportation		448,429
	Landfill		1,511,776
	Grants		542,880
	Nonmajor governmental funds		
	Fine and forfeiture	\$ 1,387,639	
	E-911	1,249,219	
	Fire assessment	702,349	
	SHIP trust	274,299	
Total nonmajor governmental funds			3,613,506
Total restricted fund balance			\$ 6,377,509

NOTE 13 - 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.

NOTE 14 - LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The County was required by State law to close its landfill which has no further capacity as of September 30, 1994. The post closure cost of maintenance, monitoring and testing are estimated to be approximately \$50,632 per year for the next 9 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, 2012, was \$128,643.

NOTE 15 - 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 10.

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, 2012, there were no terminated employees entitled to benefits but not yet receiving them. The membership of the Plan consisted of:

Active employees	148
Retirees and beneficiaries currently receiving benefits	14
<u>Total membership</u>	<u>162</u>
<u>Participating employers</u>	<u>1</u>

NOTE 15 - 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 2012 was \$2,661. The chart below shows the cost of the monthly retiree premiums at September 30, 2012.

Coverage	Capital Health Plan
Retiree	\$ 221.71
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>2012</u>
Annual required contribution	\$ 120,000
Interest on prior year net OPEB obligation	4,000
Adjustments to annual required contribution	(8,000)
<hr/>	
Annual OPEB costs	116,000
Estimated employer contribution made	(18,000)
<hr/>	
Increase (decrease) in net OPEB obligation	98,000
Net OPEB obligation, beginning of year	96,000
<hr/>	
Estimated net OPEB obligation, end of year	\$ 194,000

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2012 and the prior two (2) years were as follows:

Fiscal Year Ended	Annual OPEB Costs	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/10	N/A	N/A	N/A
9/30/11	\$114,000	16%	\$114,000
9/30/12	\$116,000	15%	\$116,000

NOTE 15 - 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, 2011 to September 30, 2012, 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 9.00% for the fiscal year ended September 30, 2012, gradually decreasing to future rate of 5.00% for the fiscal year ended September 30, 2021. The Unfunded Actuarial Accrued Liability (UAAL) is being amortized over 10-year open period.

NOTE 16 - 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 17 - COMMITMENTS AND CONTINGENCIES

Contractual Commitments

At September 30, 2012, the Board had contractual commitments for construction projects in excess of amounts recognized in the financial statements.

NOTE 18 - SUBSEQUENT EVENTS

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

Subsequent to year end, the County issued \$4,600,000 in Gas Tax Revenue Bonds, Series 2012, for the purpose of road construction.

NOTE 19 - DEFICIT FUND BALANCES

The Board had one non-major special revenue fund with deficit fund balances as of September 30, 2012 as follows:

Funds	Amount
Debt Service Fund	\$ (63,481)

They will be funded by future revenues in the next fiscal year.

NOTE 20 - BUDGETARY INFORMATION

The County had expenditures that were in excess of their budget in the following funds:

Funds	Amount
General Fund	\$ (52,538)

This is a technical violation of Florida Statutes, Chapter 129.

NOTE 21 – PRIOR PERIOD ADJUSTMENT

Beginning net assets were understated by \$328,184 as of and for the year ended September 30, 2011 due to an understatement of accumulated depreciation in the amount of (\$328,184).

Beginning net assets were understated by \$141,168 as of and for the year ended September 30, 2011 due to an omission of a capital lease.

NOTE 22 – CHANGE IN ACCOUNTING ESTIMATE

During the current year, the Florida Department of Environmental decreased their estimate of long-term closure cost. This decreased the County's estimated landfill liability. The effect of the change decreased the land fill liability and increased net assets by \$708,738.

Supplementary Information

Jefferson County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds

September 30, 2012

	Special Revenue			
	Fine and Forfeiture Fund	SHIP Trust Fund	Capital Projects	Fire Assessment
Assets				
Cash and cash equivalents	\$ 479,899	\$ 362,938	\$ -	\$ -
Due from other funds	761,557	3,254	-	705,209
Due from other governmental units	162,729	-	-	14,232
Total assets	\$ 1,404,185	\$ 366,192	\$ -	\$ 719,441
Liabilities				
Vouchers payable	\$ 16,546	\$ -	\$ -	\$ 17,092
Due to other funds	-	-	-	-
Deferred revenue	-	91,893	-	-
Total liabilities	16,546	91,893	-	17,092
Fund balances				
Restricted	1,387,639	274,299	-	702,349
Unassigned	-	-	-	-
Total fund balances	1,387,639	274,299	-	702,349
Total liabilities and fund balances	\$ 1,404,185	\$ 366,192	\$ -	\$ 719,441

Jefferson County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds

September 30, 2012

	<u>Special Revenue</u>			Total Non-Major Governmental Funds
	Payroll	E-911 Fund	Debt Service	
Assets				
Cash and cash equivalents	\$ 599	\$ -	\$ -	843,436
Due from other funds	-	1,234,507	-	2,704,527
Due from other governmental units	-	18,918	-	195,879
Total assets	\$ 599	\$ 1,253,425	\$ -	\$ 3,743,842
Liabilities				
Vouchers payable	\$ 599	\$ 4,206	\$ -	38,443
Due to other funds	-	-	63,481	63,481
Deferred revenue	-	-	-	91,893
Total liabilities	599	4,206	63,481	193,817
Fund balances				
Restricted	-	1,249,219	-	3,613,506
Unassigned	-	-	(63,481)	(63,481)
Total fund balances	-	1,249,219	(63,481)	3,550,025
Total liabilities and fund balances	\$ 599	\$ 1,253,425	\$ -	\$ 3,743,842

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

For the year ended September 30, 2012

	Special Revenue			
	Fine and Forfeiture Fund	SHIP Trust Fund	Capital Projects	Fire Assessment
Revenues				
Taxes	\$ 890,228	\$ -	\$ -	\$ -
Intergovernmental	173,883	-	-	-
Charges for services	15,010	-	-	-
Fines and forfeitures	168,032	-	-	-
Investment earnings	620	43	-	-
Other fees and miscellaneous revenues	-	-	-	625,165
Total revenues	1,247,773	43	-	625,165
Expenditures				
Current:				
Public safety	90,838	-	-	-
Fire safety	-	-	-	682,736
Economic development	-	207,487	-	-
Capital outlay	318,541	-	-	2,304
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	409,379	207,487	-	685,040
Excess (deficiency) of revenues over (under) expenditures	838,394	(207,444)	-	(59,875)
Other financing sources (uses)				
Transfers in	2,432,310	-	-	-
Transfers out	(3,328,238)	-	(111,524)	-
Net other financing sources (uses)	(895,928)	-	(111,524)	-
Net change in fund balances	(57,534)	(207,444)	(111,524)	(59,875)
Fund balances - beginning	1,445,173	481,743	111,524	762,224
Fund balances - ending	\$ 1,387,639	\$ 274,299	\$ -	\$ 702,349

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

For the year ended September 30, 2012

	Special Revenue			Total Non-Major Governmental Funds
	Payroll	E-911 Fund	Debt Service	
Revenues				
Taxes	\$ -	\$ -	\$ 25,050	\$ 915,278
Intergovernmental	-	436,440	-	610,323
Charges for services	-	-	-	15,010
Fines and forfeitures	-	-	-	168,032
Investment earnings	-	-	234	897
Other fees and miscellaneous revenues	-	-	-	625,165
Total revenues	-	436,440	25,284	2,334,705
Expenditures				
Current:				
Public health and safety	-	257,168	-	348,006
Fire safety	-	-	-	682,736
Economic development	-	-	-	207,487
Capital outlay	-	261,334	-	582,179
Debt service				
Principal	-	-	463,000	463,000
Interest and other charges	-	-	103,590	103,590
Total expenditures	-	518,502	566,590	2,386,998
Excess (deficiency) of revenues over (under) expenditures	-	(82,062)	(541,306)	(52,293)
Other financing sources (uses)				
Transfers in	-	-	264,490	2,696,800
Transfers out	-	-	-	(3,439,762)
Net other financing sources (uses)	-	-	264,490	(742,962)
Net change in fund balances	-	(82,062)	(276,816)	(795,255)
Fund balances - beginning	-	1,331,281	213,335	4,345,280
Fund balances - ending	\$ -	\$ 1,249,219	\$ (63,481)	\$ 3,550,025

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

September 30, 2012

	Clerk of the Circuit Court	Tax Collector	Sheriff	Total
Assets				
Cash and cash equivalents	\$ 289,819	\$ 1,097,453	\$ 39,441	\$ 1,426,713
Total assets	\$ 289,819	\$ 1,097,453	\$ 39,441	\$ 1,426,713
Liabilities				
Due to other governments	\$ -	\$ 1,097,453	\$ -	\$ 1,097,453
Due to others	289,819	-	39,441	329,260
Total liabilities	\$ 289,819	\$ 1,097,453	\$ 39,441	\$ 1,426,713



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

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

We have audited the financial statements of the governmental activities, and each major fund and the aggregate remaining fund information of Jefferson County, Florida (the "County") as of and for the year ended September 30, 2012, and have issued our report thereon dated June 25, 2013. 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

Management of the County is responsible for establishing and maintaining effective 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting 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 described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 misstatements on a timely basis. A *material weakness* is deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies, listed as 2012-01, described in the accompanying schedule of findings and questioned costs to be a material weakness.

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

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. We consider the deficiencies described in the summary schedule of prior audit findings as items 2008-1, 2008-2, 2009-1 to be significant deficiencies.

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 25, 2013.

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

This report is intended solely for the information and use of the County, Constitutional Officers and management, the State of Florida Auditor General, specific legislative or regulatory bodies, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

June 25, 2013

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL AWARD
PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECT AND ON 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, 2012. 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, 2012.

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

Internal Control Over Compliance

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 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 did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as described above.

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 a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the summary schedule of prior audit findings as item 2011-1.

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.

Carri Riggs & Ingram, L.L.C.

June 25, 2013

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

For the year ended September 30, 2012

Federal/State Agency Pass through entity Federal Award Programs	CFDA Number	Contract/Grant Number	Expenditures
United States Department of Housing and Urban Development			
Section 8 Housing Choice Vouchers	14.871	FL140V0	\$ 677,262
Florida Department of Economic Opportunity			
Community Development Block Grants/State's Program			
Neighborhood Revitalization	14.228	11DB-L4-02-43-01-H30	654,491
Disaster Recovery Agreement	14.228	10DB-K4-02-43-01-K19	173,197
Total for Community Development Block Grants			827,688
Total United States Department of Housing and Urban Development			1,504,950
United States Department of Homeland Security			
Florida Division of Emergency Management			
Natural Resources Conservation Service	97.067	11-C1-35-02-43-01-108	3,663
Total United States Department of Agriculture			3,663
United States Department of Health and Human Services			
Florida Department of Revenue:			
Child Support Enforcement			
Child Support Enforcement - Title IVD	93.563	n/a	41,630
Total United States Department of Health and Human Services			41,630
United States Department of Justice			
Florida Department of Law enforcement:			
ARRA - Jefferson County MDT Project	16.803	2012-ARRC-JEFF-1-W7-360	63,729
Edward Byrne Memorial Grant Program			
Jefferson County Mobile Unit Project	16.738	2012-JAGC-JEFF-2-4X-248	61,271
Anti-Drug Abuse Act Funds	16.738	2011-JAGC-JEFF-1-82-058	46,557
Total Edward Byrne Memorial Justice Assistance Grant Program			107,828
Total United States Department of Justice			171,557
Total expenditures of Federal Awards Programs			\$ 1,721,800

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

For the year ended September 30, 2012

Federal/State Agency Pass-Through Entity State Financial Assistance Projects	CSFA Number	Grant/ Contract Number	Expenditures
Florida Department of Transportation			
Public Transit Service Development Program			
Small County Outreach Program - South Salt Rd/ CR 257A	55.009	AQD03	\$ 1,308,888
County Incentive Grant Program (CIGP)	55.008	AQC97	474,748
Florida Department of Transportation			1,783,636
Florida Office of the Governor			
Office of Tourism, Trade and Development			
Enterprise Florida - Florida Rural Infrastructure Grant	31.003	RIG - 11-03	266,000
Total Florida Housing Finance Corporation			266,000
Florida Department of Environmental Protection			
Small County Grants			
Hazardous Waste Cooperative Collection Center Arrangement Grant	37.007	SO569	14,000
Hazardous Waste Cooperative Collection Center Arrangement Grant	37.007	SO570	28,458
Total Hazardous Waste Cooperative Collection Center Arrangement Grants			42,458
Small County Consolidated Grant - Solid Waste	37.012	SC018	65,006
Total Florida Department of Environmental Protection			107,464
Florida Department of State			
Division of Library and Information Services:			
Library Resources	45.030	09-ST-92	60,822
Total Florida Department of State			60,822
Florida Department of Agriculture			
Mosquito Control	42.003	n/a	18,357
Total Florida Department of Agriculture			18,357
Florida Department of Health			
EMS County Grant Program	64.005	C-1033	5,056
EMS County Grant Program	64.005	C-0033	15,060
Total Florida Department of Health			20,116
Florida Department of Management Services			
Summer Program Award	72.002	S4-11-06-13	261,334
Total Department of Management Services			261,334
Total expenditures of State Financial Assistance Projects			\$ 2,517,729

Jefferson County, Florida
Notes to Schedule of Expenditures of Federal Award
Programs and State Financial Assistance Projects
For the year ended September 30, 2012

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, 2012

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*." An instance 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.
5. The Independent Auditors' Report on Compliance and Internal Control over Compliance Applicable to each Major federal award programs and state financial assistance projects for Jefferson County, Florida expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs and state financial assistance projects for Jefferson County, Florida are reported in this schedule.
7. The programs/projects tested as major programs/projects included the following:

Federal Programs	CFDA No.
U.S. Department of Housing and Urban Development Section 8 Housing Choice Vouchers	14.871
U.S. Department of Housing and Urban Development Neighborhood Revitalization	14.228
State Projects	CSFA No.
Florida Department of Transportation Small County Road Assistance Program	55.009
Florida Department of Transportation County Incentive Grant Program	55.008

Jefferson County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2012

A. SUMMARY OF AUDIT RESULTS (CONTINUED)

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

B. FINDINGS - FINANCIAL STATEMENT AUDIT

BOARD OF COUNTY COMMISSIONERS

Significant Deficiency 2012-1: FIXED ASSETS

COMMENT: The County lacks internal controls necessary to record capital outlay items as fixed assets. We noted that there were capital outlay items that were not added to the County's fixed asset schedule according to its capitalization policy.

RECOMMENDATION: We recommends the County develop additional controls to ensure that all items are included on the County's fixed asset schedule according to its capitalization policy.

C. FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AND STATE PROJECTS

No current year findings.

Jefferson County, Florida
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2012

PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS

MAJOR FEDERAL PROGRAMS AND STATE PROJECTS

BOARD OF COUNTY COMMISSIONERS

Significant Deficiency 2011-1: INCOMPLETE DOCUMENTATION AND PROCEDURES – NOT RESOLVED

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.

STATUS: This condition continues to exist.

Material Weakness 2011-2: INVOICE APPROVAL PROCESS - RESOLVED

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.

STATUS: Resolved

Jefferson County, Florida
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2012

Significant Deficiency 2009-5: UNSUPPORTED PAYMENTS – 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: Resolved

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, 2012

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 undisbursed taxes and fees in excess of these items. It appears this undisbursed balance has accumulated from several years and possibly past administrations.

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

STATUS: This condition continues to exist.

Significant Deficiency 2010-1: GRANT MANAGEMENT - RESOLVED

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: Resolved

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, 2012, and have issued our report thereon dated June 20, 2013. 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, 2013, 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.

- 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 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.

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, 2012, 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, 2012. 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.

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.

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

June 25, 2013



BOARD OF COUNTY COMMISSIONERS

THE KEYSTONE COUNTY-ESTABLISHED 1827
435 W. Walnut St., Monticello, Florida 32344

Benjamin "Benny"
Bishop
District 1

John Nelson, Sr.
District 2

Hines F. Boyd
District 3

Betsy Barfield
District 4

Stephen Walker
District 5

June 26, 2013

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

RE: 2011-2012 Audit Report Findings

Dear Mr. Martin:

This is in reply regarding our auditor's findings 2008-01, 2008-02, 2011-1, and 2012-1 for the year ended September 30, 2012.

We agree with the auditor's findings and recommendations, however, with the financial pressures and lack of funding, we have found the cost/benefit ratio is far too great for this office and our county to employ more personnel. Jefferson County is a small, fiscally constrained county and it would not be feasible to hire additional personnel to accomplish adequate segregation of duties and to prepare financial statements on our own. In an attempt to rectify the deficiencies in 2008-01 and 2008-02, we have utilized procedures to help alleviate the situation. The person responsible for completing bank reconciliations each month does not process checks/payments nor does she have check signing authority. The Clerk will continue to initiate controls to mitigate the lack of segregation of duties with the small staff they currently have.

We will continue to utilize Carr, Riggs & Ingram to provide financial advice on certain issues when necessary and we will also continue to use Carr, Riggs & Ingram to assist in preparing the Clerk's annual financial audit report. Although funding has been limited, every effort is being made to improve the quality of accounting staff.

Regarding 2011-1, as of July 1, 2013 the HUD Section 8 program will be the responsibility of and administered by the Northwest Florida Housing Authority.

Pertaining to 2012-1, the Finance Department experienced significant turnover and this deficiency should be resolved with more qualified accounting staff in conjunction with updated procedures for handling fixed assets.

If you have any further questions, please do not hesitate to contact me.

Sincerely,

Kirk B. Reams
Clerk of Court & CFO, Jefferson County

Kirk Reams
Clerk of Courts

Parrish Barwick
County Coordinator

Bird & Sparkman, P.A.
County Attorney

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

Special-Purpose Financial Statements

September 30, 2012

**Jefferson County, Florida
Clerk of the Circuit Court
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September 30, 2012**

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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, 2012, 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, 2012, 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, 2013 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.

June 20, 2013

Special-Purpose Financial Statements

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

September 30, 2012

	General Fund
<hr/>	
Assets	
Restricted cash and cash equivalents	\$ 143,485
<hr/>	
Total assets	\$ 143,485
<hr/> <hr/>	
Liabilities	
Accounts payable and accrued expenses	\$ 19,251
<hr/>	
Total liabilities	19,251
<hr/>	
Fund balances	
Restricted	124,234
<hr/>	
Total liabilities and fund balances	\$ 143,485
<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
Governmental Funds**

For the year ended September 30, 2012

		General Fund
Revenues		
Charges for services	\$	197,634
Intergovernmental		434,012
<hr/>		
Total revenues		631,646
<hr/>		
Expenditures		
General government		
Personal services		292,775
Operating expenses		49,143
Court-related		
Personal services		324,327
Operating expenses		106,315
Capital outlay		12,406
<hr/>		
Total expenditures		784,966
<hr/>		
Excess (deficiency) of revenues over (under) expenditures		(153,320)
<hr/>		
Other financing sources (uses)		
Transfers in		208,000
<hr/>		
Net other financing sources (uses)		208,000
<hr/>		
Net change in fund balances		54,680
<hr/>		
Fund balances - beginning - Restricted		69,554
<hr/>		
Fund balances - ending - Restricted	\$	124,234
<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, 2012

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Charges for services	\$ 164,000	\$ 164,000	\$ 197,634	\$ 33,634
Intergovernmental	418,423	437,951	434,012	(3,939)
Total revenues	582,423	601,951	631,646	29,695
Expenditures				
General government				
Personal services	186,647	192,647	292,775	(100,128)
Operating expenses	37,796	49,196	49,143	53
Court-related				
Personal services	462,123	444,723	324,327	120,396
Operating expenses	101,857	101,857	106,315	(4,458)
Capital outlay	2,000	21,528	12,406	9,122
Total expenditures	790,423	809,951	784,966	24,985
Excess (deficiency) of revenues over (under) expenditures	(208,000)	(208,000)	(153,320)	54,680
Other financing sources (uses)				
Transfers in	208,000	208,000	208,000	-
Net other financing sources (uses)	208,000	208,000	208,000	-
Net change in fund balance	\$ -	\$ -	\$ 54,680	\$ 54,680

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, 2012

	Agency Funds
<hr/>	
Assets	
Cash and cash equivalents	\$ 289,819
<hr/>	
Total assets	\$ 289,819
<hr/> <hr/>	
Liabilities	
Due to others	\$ 289,819
<hr/>	
Total liabilities	\$ 289,819
<hr/> <hr/>	

See accompanying notes to financial statements.

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

NOTE 1 □ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

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

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

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

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

NOTE 1 □ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

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

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

The Clerk also reported the following fund type:

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

Measurement Focus

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

Basis of Accounting

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

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

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

NOTE 1 □ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Budgetary Requirements

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

Cash and Cash Equivalents

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

Capital Assets and Depreciation

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

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

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

Due to Others

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

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

NOTE 1 □ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accumulated Compensated Absences

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

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

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 Independent Auditors' Report.

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

NOTE 2 □ DEPOSITS AND INVESTMENTS

At September 30, 2012, the carrying amount of the Clerk's cash and cash equivalents and restricted cash was \$433,304 and the bank balance was \$456,574. 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, 2012, the market value and the carrying value of these funds were \$51,556. The funds are carried as a cash equivalent on the balance sheet at September 30, 2012 (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, 2012. 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, 2012. The Fair Value factor for Fund B for September 30, 2012, is .94896811.

As of September 30, 2012, the Board had \$49,327 and \$2,229 invested in Florida PRIME and B, respectively. Additional information and investment policies regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration at www.sbafla.com/prime.

Credit Risk

As of September 30, 2012, 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, 2012, is 39 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, 2012, 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, 2012, the Clerk did not hold any deposits or investments that were considered to have custodial credit risk.

Concentration of Credit Risk

At September 30, 2012, 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, 2012, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Compensated absences	\$ 21,958	\$ -	\$ 4,069	\$ 17,889	\$ -
Total	\$ 21,958	\$ -	\$ 4,069	\$ 17,889	\$ -

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

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

NOTE 4 □ EMPLOYEE PENSION PLAN

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.

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 and employees pay contributions at rates determined each year by the legislature. The employer rates, as a percentage of gross earnings, are as follows:

	10/01/11 Through 06/30/12	07/01/12 Through 09/30/12
Regular employees	4.91%	5.18%
Senior Management	6.27%	6.30%
Elected county officials' class	11.14%	10.23%
Special risk employees	14.10%	14.90%
Drop participants	4.42%	5.44%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2011 through September 30, 2012, the total payroll for the Clerk employees covered by the System was \$539,740. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2012, 2011 and 2010 were \$31,726, \$56,033 and \$58,879 respectively, which equal the required contributions. For the year ended September 30, 2012, retirement contributions represent 5.88% of covered payroll.

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

NOTE 5 □ DEFERRED REVENUE

During the year, the Clerk received funds from the State of Florida for court-related activities which are unearned until expended. As of September 30, 2012, the Clerk did not have any deferred revenue.

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, 2012, restricted fund balance is comprised of the following:

Funds	Purpose	
General Fund	Funding for:	
	Modernization of Public Records	\$ 9,464
	Court-related technology	66,062
	Court-related operational needs and program enhancements	48,708
	Total restricted fund equity	\$ 124,234

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, 2012.

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**

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 30th of each year will be sent to DOR. Excess court revenues for the period October 1, 2011 through June 30, 2012 totaled \$11 and were returned by August 15, 2012.

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, 2012, and have issued our report thereon dated June 20, 2013. 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

Management of the Jefferson County Clerk of the Circuit Court is responsible for establishing and maintaining effective 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, 2013

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, 2012, and have issued our report thereon dated June 20, 2013.

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, 2013, 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 laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements amounts 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.

Carly Riggs & Ingram, L.L.C.

June 20, 2013



KIRK REAMS

**Jefferson County
Clerk of Court & CFO**

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

June 24, 2013

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

RE: 2011-2012 Audit Report Findings

Dear Mr. Martin:

This is in reply regarding our auditor's findings 2008-01 and 2008-02 for the year ended September 30, 2012.

We agree with the auditor's findings and recommendations, however, with the financial pressures and lack of funding, we have found the cost/benefit ratio is far too great for this office and our county to employ more personnel. Jefferson County is a small, fiscally constrained county and it would not be feasible to hire additional personnel to accomplish adequate segregation of duties and to prepare financial statements on our own. In an attempt to rectify the deficiencies in 2008-01 and 2008-02, we have utilized procedures to help alleviate the situation. The person responsible for completing bank reconciliations each month does not process checks/payments nor does she have check signing authority. The Clerk will continue to initiate controls to mitigate the lack of segregation of duties with the small staff they currently have.

We will continue to utilize Carr, Riggs & Ingram to provide financial advice on certain issues when necessary and we will also continue to use Carr, Riggs & Ingram to assist in preparing the Clerk's annual financial audit report. Although funding has been limited, every effort is being made to improve the quality of accounting staff.

If you have any further questions, please do not hesitate to contact me.

Sincerely,

Kirk B. Reams
Clerk of Court & CFO, Jefferson County



**Jefferson County, Florida
Property Appraiser**

Special-Purpose Financial Statements

September 30, 2012

Jefferson County, Florida
Property Appraiser
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September 30, 2012

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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, 2012, 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, 2012, 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, 2013, 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, 2013

Special-Purpose Financial Statements

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

September 30, 2012

	General Fund
<hr/>	
Assets	
Cash	\$ 7,585
<hr/>	
Total assets	\$ 7,585
<hr/> <hr/>	
Liabilities	
Due to Board of County Commissioners	\$ 7,585
<hr/>	
Total liabilities	7,585
<hr/>	
Fund balance	-
<hr/>	
Total liabilities and fund balance	\$ 7,585
<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, 2012

	General Fund
<hr/>	
Revenues	
Charges for services	\$ 8,358
Investment earnings	27
<hr/>	
Total revenues	8,385
<hr/>	
Expenditures	
General government	
Personal services	307,973
Operating expenses	116,411
Capital outlay	2,748
<hr/>	
Total expenditures	427,132
<hr/>	
Deficiency of revenues under expenditures	(418,747)
<hr/>	
Other financing sources (uses)	
Transfers in	426,332
Transfers out	(7,585)
<hr/>	
Net other financing sources	418,747
<hr/>	
Net change in fund balance	-
<hr/>	
Fund balance - beginning	-
<hr/>	
Fund balance - ending	\$ -
<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, 2012

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
Expenditures				
General government				
Personal services	\$ 303,331	\$ 309,488	\$ 307,973	\$ 1,515
Operating expenses	107,598	107,598	108,026	(428)
Non-Operating Expense	3,500	2,846	-	2,846
Capital outlay	6,400	6,400	2,748	3,652
Total expenditures	420,829	426,332	418,747	7,585
Deficiency of revenues under expenditures	(420,829)	(426,332)	(418,747)	7,585
Other financing sources (uses)				
Transfer in	420,829	426,332	426,332	-
Transfer out	-	-	(7,585)	(7,585)
Net other financing sources	420,829	426,332	418,747	(7,585)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

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

NOTE 1 □ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Cash and Cash Equivalents

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

Capital Assets and Depreciation

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

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

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

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

NOTE 1 □ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accumulated Compensated Absences

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

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

Risk Management and Insurance

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

Management Estimates and Assumptions

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

Subsequent Events

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

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

NOTE 2 □ DEPOSITS AND INVESTMENTS

At September 30, 2012, the carrying amount of the Property Appraiser's cash and cash equivalents was \$7,585 and the bank balance was \$60,866. 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 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, 2012, the Property Appraiser did not hold any deposits or investments that were considered to have credit risk.

Interest Rate Risk

At September 30, 2012, the Property Appraiser did not hold any investments.

Custodial Credit Risk

At September 30, 2012, the Property Appraiser did not hold any deposits or investments that were considered to have custodial risk.

Concentration of Credit Risk

At September 30, 2012, the Property Appraiser did not hold any investments.

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

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, 2012, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANC E	DUE WITHIN ONE YEAR
Governmental activities:					
Compensated absences	\$ 7,235	\$ 519	\$ -	\$ 7,754	\$ -
Total	\$ 7,235	\$ 519	\$ -	\$ 7,754	\$ -

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

The Property Appraiser 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.

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.

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

NOTE 4 □ EMPLOYEE PENSION PLAN (CONTINUED)

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

	10/01/11 Through <u>06/30/12</u>	07/01/11 Through <u>09/30/12</u>
Regular employees	4.91%	5.18%
Elected county officials	11.14%	10.23%
DROP participants	4.42%	5.44%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2011 through September 30, 2012, the total payroll for the Property Appraiser employees covered by the System was \$269,583. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2012, 2011 and 2010 were \$18,025, \$29,874 and \$30,005 respectively, which equal the required contributions. For the year ended September 30, 2012, retirement contributions represent 6.69% of covered payroll.

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, 2012, and have issued our report thereon dated June 20, 2013. 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

Management of the Jefferson County Property Appraiser is responsible for establishing and maintaining effective 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.

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

June 20, 2013



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INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

We have audited the accompanying financial statements of the Jefferson County, Florida, Property Appraiser, (the "Property Appraiser"), as of and for the year ended September 30, 2012, and have issued our report thereon dated June 20, 2013.

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, 2013, 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 laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements amounts 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.

Carri Riggs & Ingram, L.L.C.

June 20, 2013



Jefferson County
Office Of The Property Appraiser

Angela Gray, CFA Property Appraiser

Auditor General, State of Florida
111 West Madison Street
Tallahassee, FL 32399

Re: Auditor's Recommendations

To Whom It May Concern:

In response to the recommendations made by Carr, Riggs & Ingram CPA's after our 2010 and 2011 audits, we have made the following changes.

1) Need for Segregation of Duties PA08-01

Last year, this office hired an individual with accounting and financial experience. Since then, we have implemented new policies of financial controls and segregation of duties. This has allowed us to put into practice new procedures that allow for 3 and/or 4 person division of duties that addresses all areas of concern regarding financial controls utilizing the following seven control standards applicable to the process.

- o *Appropriate* – The transaction is directly related to achieving the operation of the Property Appraiser's Office.
- o *Valid* – The transaction is allowed by policy, law, contractual agreement, and/or professional standards.
- o *Reasonable* – The amount being paid for a product or service or received in payment for a product or service is fair.
- o *Funded* – For payment transactions, sufficient funding exists to pay for the transaction
- o *Accurately recorded* – The transaction amount is consistent with value received, provided, or adjusted for; and is free from accounting coding or arithmetic error.
- o *Supportable* – The amount being paid or received for a good or service, or the amount of an adjustment is consistent with supporting documentation, standard, situation, or practice.
- o *Timely recorded* – The date associated with the transaction is accurate.

In addition, no one individual is assigned a job function in more than one of the following categories of duties.
Asset handling and disposition - Recording transactions to the general ledger, sub-ledgers, and journals. - Comparison and review of transactions and balances.

2) Preparation of GAAP-based Financial Statements PA08-02

The Property Appraiser now has an individual on staff with the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles. Management will continue to rely on Carr, Riggs & Ingram to perform an end of year audit and preparation of financial statements including notes as an independent verification of our reports and procedures.

Respectfully,


Angela C. Gray, CFA
Jefferson County Property Appraiser

**Jefferson County, Florida
Sheriff**

Special-Purpose Financial Statements

September 30, 2012

Jefferson County, Florida
Sheriff
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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, 2012, 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, 2012, 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 June 20, 2013, 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.

June 20, 2013

Special-Purpose Financial Statements

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

September 30, 2012

	General Fund
<hr/>	
Assets	
Cash	\$ 91
Due from other governmental units	89,066
<hr/>	
Total assets	\$ 89,157
<hr/>	
Liabilities	
Accounts payable	\$ 89,010
Due to others	147
<hr/>	
Total liabilities	89,157
<hr/>	
Fund balance	-
<hr/>	
Total liabilities and fund balances	\$ 89,157
<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, 2012

	General Fund
<hr/>	
Revenues	
Grants	\$ 481,330
<hr/>	
Total revenues	481,330
<hr/>	
Expenditures	
Current:	
Public safety and health - Personal services	2,648,884
Public safety and health - Operating expenses	895,244
Capital outlay	265,440
<hr/>	
Total expenditures	3,809,568
<hr/>	
Excess (deficiency) of revenues over (under) expenditures	(3,328,238)
<hr/>	
Other financing sources (uses)	
Transfers in	3,328,385
Transfers out	(147)
<hr/>	
Net other financing sources (uses)	3,328,238
<hr/>	
Net change in fund balance	-
<hr/>	
Fund balance - beginning	-
<hr/>	
Fund balance - ending	\$ -
<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, 2012

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 481,330	\$ 481,330	\$ 481,330	\$ -
Total revenues	481,330	481,330	481,330	-
Expenditures				
Current:				
Public safety and health - Personal services	2,835,155	2,835,155	2,648,884	186,271
Public safety and health - Operating expenses	897,060	897,060	895,244	1,816
Capital outlay	77,500	77,500	265,440	(187,940)
Total expenditures	3,809,715	3,809,715	3,809,568	147
Excess (deficiency) of revenues over (under) expenditures	(3,328,385)	(3,328,385)	(3,328,238)	147
Other financing sources (uses)				
Transfers in	3,328,385	3,328,385	3,328,385	-
Transfers out	-	-	(147)	(147)
Total other financing sources	3,328,385	3,328,385	3,328,238	(147)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

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

September 30, 2012

		Agency Funds
<hr/>		
Assets		
Cash	\$	37,941
<hr/>		
Total assets	\$	37,941
<hr/>		
Liabilities		
Due to others	\$	37,941
<hr/>		
Total liabilities	\$	37,941
<hr/>		

See accompanying notes to financial statements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the presentation of these financial statements have been designed to conform to generally accepted accounting principles as applicable to governmental units in accordance with Governmental Accounting Standards 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 Sheriff is an elected official of Jefferson County, Florida pursuant to the Constitution of the State of Florida, Article VIII, Section 1(d), and is a part of the primary government of Jefferson County, Florida. The Jefferson County Sheriff is responsible for the administration and operation of the Sheriff's office, and the Jefferson County Sheriff's financial statements do not include the financial statements of the Board or the other Constitutional Officers of Jefferson County, Florida.

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

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

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

The Sheriff also reported the following fund type:

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

Measurement Focus

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

Basis of Accounting

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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

Major revenue sources susceptible to accrual include: intergovernmental revenues and 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

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

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 Independent Auditors' Report.

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2012, the carrying amount of the Sheriff's cash and cash equivalents and restricted cash was \$38,032 and the bank balance was \$233,663. 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, 2012, the Sheriff did not hold any deposits or investments that were considered to have credit risk.

Interest Rate Risk

At September 30, 2012, the Sheriff did not hold any investments that were considered to have interest rate risk.

Custodial Credit Risk

At September 30, 2012, 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, 2012, 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, 2012, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Compensated absences	\$ 119,238	\$ -	\$ 2,094	\$ 117,144	\$ -
Total	\$ 119,238	\$ -	\$ 2,094	\$ 117,144	\$ -

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

NOTE 4 - EMPLOYEE PENSION PLAN

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

**Jefferson County, Florida
Sheriff**

Notes to Special-Purpose Financial Statements

NOTE 4 - EMPLOYEE PENSION PLAN (CONTINUED)

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

	10/01/11 Through 06/30/12	07/01/12 Through 9/30/12
Regular employees	4.91%	5.18%
Senior management	6.27%	6.30%
Elected county officials	11.14%	10.23%
Special risk employees	14.10%	14.90%
DROP participants	4.42%	5.44%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2011 through September 30, 2012, the total payroll for the Sheriff employees covered by the System was \$1,991,863. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2012, 2011 and 2010 were \$192,375, \$306,692 and \$325,303 respectively, which equal the required contributions. For the year ended September 30, 2012 retirement contributions represent 9.66% of covered payroll.

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, 2012, as well as prior years, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the Sheriff's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined, although the Sheriff expects such amounts, if any, to be immaterial.

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

NOTE 6 - LITIGATION AND CONTINGENT LIABILITIES

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

NOTE 7 - EXCESS REVENUES

Pursuant to Section 218.36(2), Florida Statutes, each County Officer shall pay into the county general fund all money in excess of the sum to which he or she is entitled under the provisions of Chapter 145. Excess revenues over expenditures returned to the Board of County Commissioners as required by Florida Statutes are accrued and reported as a transfer out. The Sheriff's general fund ended the current year with excess funds of \$147.

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, 2012, and have issued our report thereon dated June 20, 2013. 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

Management of the Jefferson County Sheriff is responsible for establishing and maintaining effective 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.

Case, Riggs & Ingram, L.L.C.

June 20, 2013

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, 2012, and have issued our report thereon dated June 20, 2013.

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, 2013. 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 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 laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements amounts 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.

June 20, 2013

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

June 20, 2013

Mr. David W. Martin
Florida Auditor General
Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399

Re: 2011-2012 Audit Report Findings

Dear Mr. Martin,

This is in reply to our auditor's findings for the year ended September 30, 2012.

I agree with the auditor's findings and recommendations, however, with the financial pressures and lack of funding, I have found the cost/benefit ratio is far too costly for this office and our county, especially given a widespread below poverty level tax payer base. We would be forced to hire additional personnel to accomplish adequate segregation of duties and to prepare financial statements on our own. In an attempt to rectify the deficiencies, we have utilized procedures to help alleviate the situation. I will continue to review all bank statements before giving them to the person responsible for the bank reconciliations each month. I also continue to review all deposits and payments made my office to make certain no misstatements are made. I also continue utilize Carr, Riggs & Ingram to provide financial advice on certain issues as they present themselves in an attempt to make certain all is proper and in order. I also will continue to use 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, 2012

Jefferson County, Florida
Supervisor of Elections
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September 30, 2012

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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, 2012, 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, 2012, 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 June 20, 2013 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.

Carly Riggs & Ingram, L.L.C.

June 20, 2013

Special-Purpose Financial Statements

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

September 30, 2012

	General Fund
<hr/>	
Assets	
Cash and cash equivalents	\$ 11,020
<hr/>	
Total assets	\$ 11,020
<hr/>	
Liabilities	
Due to Board of County Commissioners	\$ 9,152
Deferred revenue	1,865
<hr/>	
Total liabilities	11,017
<hr/>	
Fund balance	3
<hr/>	
Total liabilities and fund balance	\$ 11,020
<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, 2012

	General Fund
<hr/>	
Expenditures	
General government	
Personal services	\$ 125,302
Operating expenses	74,687
<hr/>	
Total expenditures	199,989
<hr/>	
Excess (deficiency) of revenues over (under) expenditures	(199,989)
<hr/>	
Other financing sources (uses)	
Transfers in	209,129
Transfers out	(9,137)
<hr/>	
Net other financing sources (uses)	199,992
<hr/>	
Net change in fund balance	3
<hr/>	
Fund balance - beginning	-
<hr/>	
Fund balance - ending	\$ 3
<hr/> <hr/>	

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, 2012

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Expenditures				
General government				
Personal services	\$ 125,329	\$ 125,329	\$ 125,302	\$ 27
Operating expenses	83,800	83,800	74,687	9,113
Total expenditures	209,129	209,129	199,989	9,140
Excess (deficiency) of revenues over (under) expenditures	(209,129)	(209,129)	(199,989)	9,140
Other financing sources (uses)				
Transfer in	209,129	209,129	209,129	-
Transfer out	-	-	(9,137)	(9,137)
Net other financing sources (uses)	209,129	209,129	199,992	(9,137)
Net change in fund balance	\$ -	\$ -	\$ 3	\$ 3

See accompanying note to financial statements.

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

NOTE 1 □ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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
-------------------------------------	------------

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

NOTE 1 □ SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

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

NOTE 2 □ DEPOSITS AND INVESTMENTS

At September 30, 2012, the carrying amount of the Supervisor's cash and cash equivalents and restricted cash was \$11,020 and the bank balance was \$19,362. 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, 2012, the Supervisor did not hold any deposits or investments that were considered to have credit risk.

INTEREST RATE RISK

At September 30, 2012, the Supervisor did not hold any investments that were considered to have interest rate risk.

CUSTODIAL CREDIT RISK

At September 30, 2012, the Supervisor did not hold any deposits or investments that were considered to have custodial credit risk.

CONCENTRATION OF CREDIT RISK

At September 30, 2012, the Supervisor did not hold any investments that were considered to have concentration of credit risk.

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

NOTE 3 □ EMPLOYEE PENSION PLAN

In accordance with Florida Law, the Supervisor participates in the Florida Retirement System (FRS), a multiple-employer cost sharing defined benefit public retirement system administered by the State of Florida, Department of Administration, 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.

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 and employees pay contributions at rates determined each year by the legislature. The employer rates, as a percentage of gross earnings, are as follows:

	10/01/11 Through 06/30/12	07/01/12 Through 09/30/12
Regular employees	4.91%	5.18%
Elected county officials	11.14%	10.23%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 01, 2011 through September 30, 2012, the total payroll for the Supervisor's employees covered by the System was \$107,061. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2012, 2011 and 2010 were \$10,631, \$16,560 and \$16,234 respectively, which were the required contributions. For the year ended September 30, 2012 retirement contributions represent 9.93% of covered payroll.

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

NOTE 4 □ EXCESS REVENUE

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

NOTE 5 □ GRANTS

The Supervisor participates in two state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended September 30, 2012, 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, 2012, and have issued our report thereon dated June 20, 2013. 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

Management of the Jefferson County Supervisor of Elections is responsible for establishing and maintaining effective 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.

Carly Riggs & Ingram, L.L.C.

June 20, 2013

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, 2012, and have issued our report thereon dated June 20, 2013.

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, 2013, 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 laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements amounts 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.

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

June 20, 2013



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

June 20, 2013

Auditor General's Office
Post Office Box 1735
Tallahassee, FL 32302

Dear Sir:

This is in reply to the auditor's findings reported in my audit report for the year ending September 30, 2012.

I agree with the auditor's findings and recommendations, however, with the financial pressures and lack of funding, I have found the cost/benefit ratio is far too great for this office to employ more personnel to have adequate segregation of duties and to prepare our own financial statements. In an attempt to rectify the deficiencies, I will continue utilized procedures to help mitigate the lack of segregation of duties. Accordingly, I will continue to review all bank statements prior to giving them to the person responsible for bank reconciliations. I will sign all checks and review supporting documentation.

I will continue to utilize Carr, Riggs & Ingram to provide financial advice on certain issues when necessary and we will also continue to use Carr, Riggs & Ingram to prepare the annual financial audit report. I do not have the expertise or the resources to prepare the year end audit report. I do not have access to all GAAP disclosures and other accounting pronouncements. I will continue assisting in the audit report preparation and review the draft for approval.

Please feel free to contact me if you have any questions,

Sincerely,

Marty Bishop
Jefferson County Supervisor of Elections

**Jefferson County, Florida
Tax Collector**

Special-Purpose Financial Statements

September 30, 2012

Jefferson County, Florida
Tax Collector
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September 30, 2012

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Carr, Riggs & Ingram, LLC

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Tallahassee, FL 32308

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(850) 878-2344 (fax)

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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, 2012, 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, 2012, 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, 2013 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, 2013

Special-Purpose Financial Statements

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

September 30, 2012

	General Fund
Assets	
Cash	\$ 40,708
Total assets	\$ 40,708
Liabilities	
Accounts payable	\$ 5,374
Due to Board of County Commissioners	35,334
Total liabilities	40,708
Fund balance	-
Total liabilities and fund balance	\$ 40,708

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, 2012

	General Fund
<hr/>	
Expenditures	
General government	
Personal services	\$ 301,590
Operating expenses	88,470
<hr/>	
Total expenditures	390,060
<hr/>	
Excess (deficiency) of revenues over (under) expenditures	(390,060)
<hr/>	
Other financing sources (uses)	
Transfers in	420,499
Transfers out	(30,439)
<hr/>	
Net other financing sources (uses)	390,060
<hr/>	
Net change in fund balance	-
<hr/>	
Fund balance - beginning	-
<hr/>	
Fund balance - ending	\$ -
<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, 2012

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Expenditures				
General government				
Personal services	\$ 344,614	\$ 344,614	\$ 301,590	\$ 43,024
Operating expenses	66,985	66,985	88,470	(21,485)
Capital outlay	8,900	8,900	-	8,900
Total expenditures	420,499	420,499	390,060	30,439
Excess (deficiency) of revenues over (under) expenditures	(420,499)	(420,499)	(390,060)	30,439
Other financing sources (uses)				
Transfers in	420,499	420,499	420,499	-
Transfers out	-	-	(30,439)	(30,439)
Net other financing sources (uses)	420,499	420,499	390,060	(30,439)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

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

September 30, 2012

	Agency Funds
<hr/>	
Assets	
Cash	\$ 1,097,453
<hr/>	
Total assets	\$ 1,097,453
<hr/> <hr/>	
Liabilities	
Due to other governments	\$ 1,097,453
<hr/>	
Total liabilities	\$ 1,097,453
<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

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 Independent Auditors' Report.

NOTE 2 – DEPOSITS AND INVESTMENTS

At September 30, 2012, the carrying amount of the Tax Collector's cash and cash equivalents was \$1,138,161 and the bank balance was \$641,714. 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, 2012, the Tax Collector did not hold any deposits or investments that were considered to have credit risk.

Interest Rate Risk

At September 30, 2012, the Tax Collector did not hold any investments.

Custodial Credit Risk

At September 30, 2012, the Tax Collector did not hold any deposits or investments that were considered to have custodial risk.

Concentration of Credit Risk

At September 30, 2012, 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, 2012, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Compensated absences	\$ 7,834	\$ 1,153	\$ -	\$ 8,987	\$ -
Total	\$ 7,834	\$ 1,153	\$ -	\$ 8,987	\$ -

Accrued compensated absences represent the personal leave balances at September 30, 2012. See Note 1 for a summary of the Tax Collector's policy regarding compensated absences. Records kept for compensated absences relate only to hours earned, used and available. Accordingly, only the net changes in compensated absences are presented.

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

NOTE 4 – EMPLOYEE BENEFITS

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.

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:

	10/01/11 Through <u>06/30/12</u>	07/01/12 Through <u>09/30/12</u>
Regular employees	4.91%	5.18%
Elected county officials' class	11.14%	10.23%
DROP participants	4.42%	5.44%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 01, 2011 through September 30, 2012, the total payroll for the Tax Collector's employees covered by the System was \$234,529. The retirement contributions for all employees covered by the FRS for the years ended September 2012, 2011 and 2010 were \$16,766, \$28,994 and \$27,505 which were the required contributions. For the year ended September 30, 2012 retirement contributions represent 7.15% of covered payroll.

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

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, 2012, excess revenues over expenditures of \$30,439 are accrued and reported as a transfer out.

NOTE 6 - LITIGATION AND CONTINGENT LIABILITIES

The Tax Collector 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 Tax Collector's financial position.

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 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, 2012, and have issued our report thereon dated June 20, 2013. 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

Management of the Jefferson County Tax Collector is responsible for establishing and maintaining effective 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 of undisbursed taxes and fees in excess of these items. It appears this undisbursed balance has accumulated from several years and possibly past administrations.

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.

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

June 20, 2013

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, Florida; Tax Collector (the "Tax Collector"), as of and for the year ended September 30, 2012, and have issued our report thereon dated June 20, 2013.

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, 2013. 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 laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements amounts 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 had the following finding:

PRIOR 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.

Carly Riggs & Ingram, L.L.C.

June 20, 2013



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 20, 2013

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, 2012. 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 Statue. 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