

**Jefferson County, Florida**

**Financial Statements**

**September 30, 2013**

**Jefferson County, Florida  
FINANCIAL STATEMENTS  
September 30, 2013**

**BOARD OF COUNTY COMMISSIONERS**

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Marty Bishop**

**COUNTY ATTORNEY  
T. Buckingham Bird**

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

**Jefferson County, Florida**  
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**September 30, 2013**

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**Special-Purpose Financial Statements**

Clerk of the Circuit Court

Property Appraiser

Sheriff

Supervisor of Elections

Tax Collector

## INDEPENDENT AUDITORS' REPORT

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

### Report on Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

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, 2013, 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.

## Other Matters

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 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 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 non-major 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. Such 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.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 10, 2014, 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.

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

June 10, 2014

## **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, 2013. It should be read in conjunction with the County's financial statements, which begin on page 3.

### **FINANCIAL HIGHLIGHTS**

- The County's net position increased as a result of this year's operations. Net position of our governmental activities increased by \$249,004, or 1.72%. The County does not have any business-type activities.
- During the year, the County generated tax and other revenues of \$249,004 more than the \$15.742 million of its primary governmental program expenses. For comparison, last year revenues exceeded expenses by \$325,829.
- The total cost of the County's programs decreased by \$91,861 from the preceding year (a decrease of 0.55%).
- The millage rate remained at 8.3119 mills.
- 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. Harrell Nut Company opened for business in May 2014 and is at 70% capacity with 35 new employees. 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. Ground should be broken on this project in the fall of 2014. Also, Tractor Supply Company and Family Dollar have opened new stores in Monticello in 2013 and 2014 respectively.
- In November 2012, the Board approved a Series 2012 Gas Tax Revenue Bond in the amount of \$4,615,000. The approved bond proceeds will go towards improving / paving approximately 40 miles of County-maintained roads. The Bond will be repaid over a 20 year term with annual payments of approximately \$300,000. These funds will come from 5<sup>th</sup> and 6<sup>th</sup> cent gasoline taxes. Currently, the work program is 75% complete and should be finalized by the end of FY 2014-2015.

## **USE OF THIS REPORT**

This report consists of a series of financial statements. The Statement of Net position and the Statement of Activities (on pages 4 and 5) provide information about the activities of the County as a whole and present a long-term view of the County's finances. These statements reflect the County as a whole and are deemed government-wide financial statements. The Fund financial statements start on page 6. These statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statement for Fiduciary Funds provides financial information about activities for which the County acts solely as a trustee or agent for the benefit of others outside of the County.

### **Reporting the County as a Whole**

Our analysis of the County as a whole is detailed later in this discussion. One of the most frequently asked questions about the County's finances is "Is the County, as a whole, better off or worse off as a result of this year's activities?" The Statement of Net position 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 position and the changes in them. You can think of the County's net position (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 position 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.



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

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 position and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

### The County as Trustee

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

### THE COUNTY AS A WHOLE

The County's net position, increased by \$249,004 from a year ago. Our analysis is detailed below regarding Table 1, net position and Table 2, changes in net position.

	<b>Governmental Activities</b>	
	<u>9/30/2013</u>	<u>9/30/2012</u>
Cash and other assets	\$ 12,288,383	\$ 11,190,248
Capital assets - net	<u>11,540,377</u>	<u>8,983,990</u>
Total assets	<u>23,828,760</u>	<u>20,174,238</u>
Long-term debt outstanding	7,701,923	3,229,101
Other liabilities	<u>1,371,858</u>	<u>2,439,162</u>
Total liabilities	<u>9,073,781</u>	<u>5,668,263</u>
Net assets:		
Invested in capital assets, net of debt	4,912,885	6,772,866
Restricted	8,586,988	6,377,509
Unrestricted	<u>1,255,106</u>	<u>1,355,600</u>
Total net assets	<u>\$ 14,754,979</u>	<u>\$ 14,505,975</u>

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, decreased by \$100,494 (or 7.4%) over the prior year. Restricted net position increased by \$2,209,479 (or 34.64%) from the prior year.

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

**Table 2**  
**Changes in Net Assets**

	<b>Governmental Activities</b>	
	<u>9/30/2013</u>	<u>9/30/2012</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 2,077,341	\$ 1,941,433
Federal and state grants	1,913,771	3,620,981
General revenues:		
Property and other taxes	9,265,339	9,187,574
Intergovernmental revenues	-	-
Other general revenues	<u>3,696,211</u>	<u>2,371,360</u>
Total revenues	<u>16,952,662</u>	<u>17,121,348</u>
<b>Program expenses:</b>		
General government	4,325,162	3,993,570
Transportation	2,149,067	2,254,829
Public safety and judiciary	7,334,090	6,639,142
Health and sanitation	1,388,237	1,477,224
Economic development	722,689	1,662,555
Culture and recreation	690,161	646,286
Interest on long-term debt	<u>94,252</u>	<u>121,913</u>
Total program expenses	<u>16,703,658</u>	<u>16,795,519</u>
Increase (decrease) in net assets	<u>\$ 249,004</u>	<u>\$ 325,829</u>

The County's total revenue decreased by 0.99%, or \$168,686 during the year while total expenses decreased by 0.55%, or \$91,861. 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.

### THE COUNTY'S FUNDS

The County's governmental funds (as presented in the balance sheet on page 6) reported a *combined* fund balance of \$10.916 million, which is an increase of \$2,165,439 over the prior year. Included in this year's total change in fund balance is an increase of \$140,282 in the County's general fund balance. The general fund had an excess of expenditures over revenues of \$151,829 and net transfers from other funds of \$119,996 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 a deficit of expenditures over revenues of \$652,806 and net other financing sources of \$649,484 resulting in an decrease in fund balance of \$3,322.

# Jefferson County, Florida Management's Discussion and Analysis

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## 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 \$11.495 million, net of depreciation, invested in a broad range of capital assets, including land, buildings, roads, bridges, park facilities and equipment. The net increase over last year of \$2,510,885 includes capital additions of \$3,724,472, disposals of (\$406,555) and depreciation of (\$931,055). Table 3 below details the composition of these assets.

#### (Net of Depreciation)

	Governmental Activities	
	<u>9/30/2013</u>	<u>9/30/2012</u>
Land	\$ 1,681,922	\$ 1,681,922
Buildings & Improvements	4,757,171	4,833,438
Equipment	2,269,804	2,405,190
Infrastructure	17,938	17,938
Construction in progress	<u>2,768,040</u>	<u>45,502</u>
Totals	<u>\$ 11,494,875</u>	<u>\$ 8,983,990</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.

### Debt

The County had various installment purchase obligations of \$454,492 and Revenue Bonds of \$6,173,000 outstanding at the end of the 2013 fiscal year, a increase of \$4,416,368 as shown in Table 4.

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

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

	<b>Governmental Activities</b>	
	<u>9/30/2013</u>	<u>9/30/2012</u>
Installment obligations, as restated (2011)	\$ 454,492	\$ 467,124
Revenue and gas tax bonds	<u>6,173,000</u>	<u>1,744,000</u>
Totals	<u>\$ 6,627,492</u>	<u>\$ 2,211,124</u>

Items of equipment have been bought in the current year and prior years under various installment equipment obligations bearing interest at 2.30% to 4.94% per annum. These obligations require monthly and annual installments of varying amounts through September 2018. The Revenue Bond is dated October 20, 1999 and bears interest at 4.5%. Interest and principal are payable annually each September 1<sup>st</sup> starting in 2001 through September 1, 2020. The Gas Tax Bonds are dated December 1, 2012 and bears interest at 2%. Interest and principal are payable annually each December 1 starting in 2013 through December 2029.

The Bond and the interest thereon are payable solely from and collateralized 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 considering 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 Position**

*September 30, 2013*

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 10,263,334
Restricted cash and cash equivalents	311,387
Accounts receivable	274,081
Due from other governmental units	1,204,581
Inventory	95,244
Unamortized bond costs	139,756
Capital assets, net	
Nondepreciable capital assets	4,495,464
Depreciable capital assets, net	7,044,913
<b>Total assets</b>	<b>23,828,760</b>
<b>Liabilities</b>	
Accounts payable and accrued expenses	1,062,596
Due to other agency	9,073
Deferred revenue	263,281
Accrued interest payable	36,908
Long-term liabilities	
Portion due or payable within one year	
Capital lease obligations	109,974
Public improvement revenue bonds payable	379,000
Landfill closure and post-closure costs	51,493
Portion due or payable after one year	
Capital lease obligations	344,518
Public improvement revenue bonds payable	5,794,000
Compensated absences	402,486
Other post-employment benefit obligation	260,000
Landfill closure and post-closure costs	360,452
<b>Total liabilities</b>	<b>9,073,781</b>
<b>Net assets</b>	
Invested in capital assets, net of related debt	4,912,885
Restricted	8,586,988
Unrestricted	1,255,106
<b>Total net position</b>	<b>\$ 14,754,979</b>

See accompanying notes to financial statements.

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

*For the year ended September 30, 2013*

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Total
<b>Primary government</b>						
<b>Governmental activities</b>						
General government	\$ 3,794,845	\$ 1,616,307	\$ 196,034	\$ -	\$ (1,982,504)	\$ (1,982,504)
Public safety	6,252,210	417,192	276,803	-	(5,558,215)	(5,558,215)
Fire safety	655,262	-	-	-	(655,262)	(655,262)
Physical environment	204,213	-	70,588	-	(133,625)	(133,625)
Health and sanitation	1,388,237	43,842	-	-	(1,344,395)	(1,344,395)
Transportation	2,149,067	-	236,726	-	(1,912,341)	(1,912,341)
Economic development	722,689	-	658,385	-	(64,304)	(64,304)
Human services	326,104	-	-	-	(326,104)	(326,104)
Culture and recreation	439,067	-	475,235	-	36,168	36,168
Agriculture	251,094	-	-	-	(251,094)	(251,094)
Court related	426,618	-	-	-	(426,618)	(426,618)
Interest on long-term debt	94,252	-	-	-	(94,252)	(94,252)
<b>Total primary government</b>	<b>16,703,658</b>	<b>2,077,341</b>	<b>1,913,771</b>	<b>-</b>	<b>(12,712,546)</b>	<b>(12,712,546)</b>
<b>General revenues</b>						
Taxes						
					4,488,269	4,488,269
					1,365,140	1,365,140
					3,411,930	3,411,930
					13,040	13,040
					3,683,171	3,683,171
					<b>12,961,550</b>	<b>12,961,550</b>
					<b>249,004</b>	<b>249,004</b>
					<b>14,505,975</b>	<b>14,505,975</b>
					<b>\$ 14,754,979</b>	<b>\$ 14,754,979</b>

See accompanying notes to financial statements.

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

*September 30, 2013*

	General Fund	Transportation	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 5,582,222	\$ 815,340	\$ -	\$ 1,168,558	\$ 7,566,120
Restricted cash and cash equivalents	311,387	-	2,697,214	-	3,008,601
Accounts receivable	274,081	-	-	-	274,081
Due from other funds	161,849	-	-	4,285,867	4,447,716
Due from other governmental units	881,506	184,412	-	155,323	1,221,241
Unamortized bond costs	-	-	-	-	-
Inventory	-	95,244	-	-	95,244
<b>Total assets</b>	<b>\$ 7,211,045</b>	<b>\$ 1,094,996</b>	<b>\$ 2,697,214</b>	<b>\$ 5,609,748</b>	<b>\$ 16,613,003</b>
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ 975,200	\$ 50,477	\$ -	\$ 36,919	\$ 1,062,596
Interest payable	-	-	-	36,908	36,908
Due to other funds	3,751,873	467,260	-	228,583	4,447,716
Due to other governmental units	16,660	-	-	-	16,660
Due to other agency	9,073	-	-	-	9,073
Deferred revenue	7,338	-	-	255,943	263,281
<b>Total liabilities</b>	<b>4,760,144</b>	<b>517,737</b>	<b>-</b>	<b>558,353</b>	<b>5,836,234</b>
<b>Fund balances</b>					
Nonspendable	-	95,244	-	-	95,244
Restricted	292,883	482,015	2,697,214	5,114,876	8,586,988
Unassigned	2,158,018	-	-	(63,481)	2,094,537
<b>Total fund balances</b>	<b>2,450,901</b>	<b>577,259</b>	<b>2,697,214</b>	<b>5,051,395</b>	<b>10,776,769</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,211,045</b>	<b>\$ 1,094,996</b>	<b>\$ 2,697,214</b>	<b>\$ 5,609,748</b>	<b>\$ 16,613,003</b>

See accompanying notes to financial statements.



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

September 30, 2013

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

Total fund balances – governmental funds	\$	10,776,769
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Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the governmental funds.		11,540,377
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Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the governmental funds.		
Total long-term liabilities - see note 7	(7,701,923)	
Unamortized bond issuance costs	139,756	(7,562,167)

Net position of governmental activities	\$	14,754,979
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See accompanying notes to financial statements.

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

*For the year ended September 30, 2013*

	General Fund	Transportation	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 4,331,982	\$ 1,715,207	\$ -	\$ 874,568	\$ 6,921,757
Licenses and permits	140,165	-	-	-	140,165
Intergovernmental	4,098,693	25,809	-	1,189,031	5,313,533
Charges for services	1,616,307	-	-	57,949	1,674,256
Fines and forfeitures	90,054	-	-	172,866	262,920
Investment earnings	7,190	725	3,930	1,195	13,040
Other fees and miscellaneous revenues	233,030	472,876	-	1,921,085	2,626,991
<b>Total revenues</b>	<b>10,517,421</b>	<b>2,214,617</b>	<b>3,930</b>	<b>4,216,694</b>	<b>16,952,662</b>
<b>Expenditures</b>					
Current:					
General government	2,951,164	273,424	-	-	3,224,588
Public health and safety	5,205,669	-	-	656,089	5,861,758
Fire safety	-	-	-	655,262	655,262
Physical environment	93,180	-	-	-	93,180
Health and sanitation	-	-	-	1,431,983	1,431,983
Transportation	644,064	1,331,574	139,816	-	2,115,454
Economic development	21,951	-	-	700,738	722,689
Human services	326,104	-	-	-	326,104
Culture and recreation	415,893	-	-	-	415,893
Agriculture	251,094	-	-	-	251,094
Court related	426,618	-	-	-	426,618
Capital outlay	453,509	1,039,119	1,781,900	357,673	3,632,201
Debt service					
Principal	-	115,263	-	186,000	301,263
Interest and other charges	-	15,772	-	170,751	186,523
<b>Total expenditures</b>	<b>10,789,246</b>	<b>2,775,152</b>	<b>1,921,716</b>	<b>4,158,496</b>	<b>19,644,610</b>
Excess (deficiency) of revenues over (under) expenditures	(271,825)	(560,535)	(1,917,786)	58,198	(2,691,948)
<b>Other financing sources (uses)</b>					
Transfers in	3,510,551	546,853	-	2,899,065	6,956,469
Transfers out	(3,390,555)	(55,363)	-	(3,510,551)	(6,956,469)
Debt proceeds	-	102,631	4,615,000	-	4,717,631
<b>Net other financing sources (uses)</b>	<b>119,996</b>	<b>594,121</b>	<b>4,615,000</b>	<b>(611,486)</b>	<b>4,717,631</b>
<b>Net changes in fund balances</b>	<b>(151,829)</b>	<b>33,586</b>	<b>2,697,214</b>	<b>(553,288)</b>	<b>2,025,683</b>
<b>Fund balances - beginning</b>	<b>2,602,730</b>	<b>543,673</b>	<b>-</b>	<b>5,604,683</b>	<b>8,751,086</b>
<b>Fund balances - ending</b>	<b>\$ 2,450,901</b>	<b>\$ 577,259</b>	<b>\$ 2,697,214</b>	<b>\$ 5,051,395</b>	<b>\$ 10,776,769</b>

See accompanying notes to financial statements.

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

*For the year ended September 30, 2013*

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

Net change in fund balances - total governmental funds	\$ 2,025,683
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of net position.	3,632,201
Capitalized interest, reported as an expenditure in government funds are shown as capitalized assets in the statement of net position.	92,271
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.	(931,055)
The net effect of transactions involving capital assets (i.e. sales, transfers and donations) included in the governmental activities in the statement of activities.	(237,030)
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 position.	301,263
Issuance expenditures incurred due to issuance of Jefferson County, Florida, Gas Tax Revenue Bonds were not expensed, but were amortized over the life of the new debt. This in turn increased net assets on the Statement of Activities.	139,756
The issuance of long-term debt (notes payable) provides current financial resources to governmental funds, while it has no effect on the statement of activities.	(4,717,631)
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.	(66,000)
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	43,746
Compensated absences	(34,200)
Change in net position of governmental activities	\$ 249,004

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, 2013*

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 5,831,508	\$ 5,831,508	\$ 4,331,982	\$ (1,499,526)
Licenses and permits	160,500	160,500	140,165	(20,335)
Intergovernmental	1,735,808	1,735,808	4,098,693	2,362,885
Charges for services	1,310,000	1,310,000	1,616,307	306,307
Fines and forfeitures	49,877	49,877	90,054	40,177
Investment earnings	-	-	7,190	7,190
Other fees and miscellaneous revenues	147,367	147,367	233,030	85,663
Less 5% of estimated revenues	(419,641)	(419,641)	-	419,641
<b>Total revenues</b>	<b>8,815,419</b>	<b>8,815,419</b>	<b>10,517,421</b>	<b>1,702,002</b>
<b>Expenditures</b>				
Current:				
General government	5,135,233	5,153,880	2,951,164	2,202,716
Public health and safety	5,016,032	5,016,032	5,205,669	(189,637)
Physical environment	335,360	335,360	93,180	242,180
Transportation	-	-	644,064	(644,064)
Economic environment	23,850	23,850	21,951	1,899
Human services	318,136	318,136	326,104	(7,968)
Culture and recreation	427,791	427,791	415,893	11,898
Agriculture	-	-	251,094	(251,094)
Court related	426,724	407,724	426,618	(18,894)
Capital outlay	100,250	106,603	453,509	(346,906)
Reserve for contingencies	79,570	79,570	-	79,570
<b>Total expenditures</b>	<b>11,862,946</b>	<b>11,868,946</b>	<b>10,789,246</b>	<b>1,079,700</b>
Excess (deficiency) of revenues over (under) expenditures	(3,047,527)	(3,053,527)	(271,825)	2,781,702
<b>Other financing sources (uses)</b>				
Transfers in	3,785,557	3,785,557	3,510,551	(275,006)
Transfers out	(2,043,307)	(2,037,307)	(3,390,555)	(1,353,248)
Net other financing sources (uses)	1,742,250	1,748,250	119,996	(1,628,254)
<b>Net change in fund balance</b>	<b>(1,305,277)</b>	<b>(1,305,277)</b>	<b>(151,829)</b>	<b>1,153,448</b>
<b>Fund balance - beginning</b>	<b>2,602,730</b>	<b>2,602,730</b>	<b>2,602,730</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 1,297,453</b>	<b>\$ 1,297,453</b>	<b>\$ 2,450,901</b>	<b>\$ 1,153,448</b>

See accompanying notes to financial statements.

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

*For the year ended September 30, 2013*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 1,794,958	\$ 1,488,432	\$ 1,715,207	\$ 226,775
Intergovernmental	-	-	25,809	25,809
Investment earnings	-	-	725	725
Other fees and miscellaneous revenues	236,726	371,374	472,876	101,502
<b>Total revenues</b>	<b>2,031,684</b>	<b>1,859,806</b>	<b>2,214,617</b>	<b>354,811</b>
<b>Expenditures</b>				
Current:				
General government	-	-	273,424	(273,424)
Transportation	1,808,603	1,928,917	1,331,574	597,343
Capital outlay	50,000	350,000	1,039,119	(689,119)
Debt service				
Principal	-	-	115,263	(115,263)
Interest and other charges	55,363	55,363	15,772	39,591
Reserve for contingencies	122,205	122,205	-	122,205
<b>Total expenditures</b>	<b>2,036,171</b>	<b>2,456,485</b>	<b>2,775,152</b>	<b>(318,667)</b>
Excess (deficiency) of revenues over (under) expenditures	(4,487)	(596,679)	(560,535)	36,144
<b>Other financing sources (uses)</b>				
Transfers in	546,853	546,853	546,853	-
Capital lease obligations proceeds	-	-	102,631	102,631
Net other financing sources (uses)	546,853	546,853	649,484	102,631
<b>Net change in fund balance</b>	<b>542,366</b>	<b>(49,826)</b>	<b>88,949</b>	<b>138,775</b>
<b>Fund balance - beginning</b>	<b>543,673</b>	<b>543,673</b>	<b>543,673</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 1,086,039</b>	<b>\$ 493,847</b>	<b>\$ 632,622</b>	<b>\$ 138,775</b>

See accompanying notes to financial statements.

**Jefferson County, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Capital Projects Fund**  
**Budget and Actual**

*For the year ended September 30, 2013*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ 3,930	\$ 3,930
<b>Total revenues</b>	-	-	3,930	3,930
<b>Expenditures</b>				
Current:				
Transportation	-	149,828	139,816	10,012
Capital outlay	-	4,465,172	1,781,900	2,683,272
<b>Total expenditures</b>	-	4,615,000	1,921,716	2,693,284
Excess (deficiency) of revenues over (under) expenditures	-	(4,615,000)	(1,917,786)	2,697,214
<b>Other financing sources (uses)</b>				
Debt proceeds	-	4,615,000	4,615,000	-
Net other financing sources (uses)				
<b>Net change in fund balance</b>	-	-	2,697,214	2,697,214
<b>Fund balance - beginning</b>	-	-	-	-
<b>Fund balance - ending</b>	\$ -	\$ -	\$ 2,697,214	\$ 2,697,214

See accompanying notes to financial statements.

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

*September 30, 2013*

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	<b>Agency Funds</b>
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 1,415,059
<hr/>	
Total assets	\$ 1,415,059
<hr/> <hr/>	
<b>Liabilities</b>	
Due to other governments	\$ 1,045,601
Due to others	369,458
<hr/>	
Total liabilities	\$ 1,415,059
<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 position 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. Reconciliations are 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.

**Capital Projects Fund-** the capital projects fund is a special revenue fund used to account for the expenditures used for the construction and maintenance of certain road projects in 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 position of the County are classified as restricted assets on the statement of net position 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 position and then from unrestricted net position.

**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 position.

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

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

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

**Due to Others**

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

**Deferred Revenues**

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

**Accumulated Compensated Absences**

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

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

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

**Long Term Debt**

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

**Governmental Fund Balances**

The County adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Type Definitions* (GASB Statement No. 54) effective October 1, 2010. This GASB Statement clarifies governmental fund balance classifications and fund-type definitions. Fund balances are classified either as non-spendable or spendable. See Note 12.

**Net position**

For the year ending September 30, 2013, the County reports net position as restricted or unrestricted. Restricted net position 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 position 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 2013 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 \$11,989,780 and the bank balance was \$12,065,713. 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, 2013, the market value and the carrying value of these funds was \$395,708. The funds are carried as a cash equivalent on the balance sheet at September 30, 2013 (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, 2013. 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, 2013. The Fair Value factor for Fund B for September 30, 2013, is 1.13262284.

As of September 30, 2013, the County had \$385,892 and \$5,816 invested in Florida PRIME and B, respectively. Additional information and investment policies regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration at [www.sbafla.com/prime](http://www.sbafla.com/prime).

**Credit Risk**

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

As of September 30, 2013, 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, 2013, is 44 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, 2013, is estimated at 4.04 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, 2013, 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, 2013, 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 \$1,131,600 and are shown net of allowance of doubtful accounts and contractual adjustments of \$857,519. 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 \$418,443.

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

Interfund transfers for the year ended September 30, 2013, consisted of the following:

<b>Transfers to General Fund from:</b>	
Nonmajor Governmental Funds	\$ 3,510,551
<b>Transfers to Transportation Trust from:</b>	
General Fund	546,853
<b>Transfers to Nonmajor funds from:</b>	
General Fund	2,843,702
Transportation Trust	55,363
<hr/>	
Total interfund transfers	<b>\$ 6,956,469</b>

The purpose of individual fund interfund receivable and payable balances at September 30, 2013 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, 2013, consisted of the following:

	<b>INTERFUND RECEIVABLES</b>	<b>INTERFUND PAYABLES</b>
General Fund	\$ 161,849	\$ 3,751,873
County Transportation Trust Fund	-	467,260
Nonmajor governmental funds		
Fine and Forfeiture Fund	833,976	-
Landfill Fund	1,190,077	-
Fire Assessment Fund	647,197	-
SHIP Trust Fund	3,253	-
Grant Fund	514,631	165,102
E-911 Fund	1,096,733	-
Debt Service Fund	-	63,481
<b>Total</b>	<b>\$ 4,447,716</b>	<b>\$ 4,447,716</b>

The general fund has amounts due to and from constitutional officers, which represent the return of excess monies due at the end of the fiscal year, from either budget officers or fee officers. All remaining balances resulted from the time lag between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system, and (c) payments between funds are made.

**NOTE 7 - DUE FROM OTHER GOVERNMENTS**

Due from other governments consists of funds earned as of September 30, 2013, but not yet received by the County. The majority of these amounts were received in October and November 2013.

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

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2013, was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land and improvements	\$ 1,681,922	\$ -	\$ -	\$ 1,681,922
Construction in progress	45,502	2,768,040	-	2,813,542
<b>Total capital assets, not being depreciated</b>	<b>1,727,424</b>	<b>2,768,040</b>	<b>-</b>	<b>4,495,464</b>
Capital assets, being depreciated:				
Buildings and improvements	8,230,089	120,518	22,885	8,327,722
Equipment	8,832,501	618,723	356,487	9,094,737
Equipment, Sheriff	1,889,009	217,191	27,183	2,079,017
Roads	26,058,578	-	-	26,058,578
<b>Total capital assets, being depreciated</b>	<b>45,010,177</b>	<b>956,432</b>	<b>406,555</b>	<b>45,560,054</b>
Less: Total accumulated depreciation	37,753,611	931,055	169,525	38,515,141
<b>Total capital assets, being depreciated, net</b>	<b>7,256,566</b>	<b>25,377</b>	<b>237,030</b>	<b>7,044,913</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 8,983,990</b>	<b>\$ 2,701,146</b>	<b>\$ 237,030</b>	<b>\$ 11,540,377</b>

Depreciation expense was charged to functions as follows:

<b>Governmental activities</b>		
General government		\$ 267,741
Public safety		355,738
Physical environment		111,033
Transportation		173,369
Culture and recreation		23,174
<b>Total depreciation expense-governmental activities</b>		<b>\$ 931,055</b>

**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 March 2018.

The County issued its \$3,440,000 Jefferson County, Florida, Public Improvement Revenue Bond, Series 1999. The bond is dated October 20, 1999 and pays interest at 4.5% annually thereafter on each September 1. Principal is payable annually on September 1, 2001 and each September 1 thereafter in amounts varying from \$110,000 in 2001 up to \$253,000 on September 1, 2020. The Bond was issued to finance the cost of the acquisition, construction and equipping of a criminal justice facility under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 125, Florida Statutes, Chapter 218, Part VI, Florida Statutes, Chapters 550 and 551, Florida Statutes, and other applicable provisions of the law, and a resolution duly adopted by the Jefferson County Board of County Commissioners on May 7, 1998, as amended and supplemented. The Bond and the interest thereon are payable solely from and secured by a lien upon and a pledge of (i) the amount of the local government half-cent sales tax distributed by the State to the Issuer, (ii) the amount of pari-mutual tax revenues distributed to the Issuer and (iii) until applied in accordance with the provisions of the Resolution, all moneys, including investments thereof, in the manner and to the extent described in the Resolution. It is expressly agreed by the Registered Holder of this Bond that the full faith and credit of the Issuer are not pledged to the payment of the principal of, premium, if any, and interest on this Bond and that such Holder shall never have the right to require or compel the exercise of any taxing power of the Issuer to the payment of such principal, premium, if any, and interest. This Bond and the obligation evidenced thereby shall not constitute a lien upon any property of the Issuer, but shall constitute a lien only on, and shall be payable solely from, the Pledged Funds.

The County issued its \$4,615,000 Jefferson County, Florida, Gas Tax Revenue Bonds, Series 2012. The Bonds are dated November 15, 2012 and pays interest at 2% to 2.75% semi-annually on June 1 and December 1 of each year. Principal is payable annually on December 1, 2013 and each December 1 thereafter in amounts varying from \$185,000 in 2013 up to \$265,000 in 2029. The Bonds were issued to provide sufficient funds to finance the cost of the acquisition and construction of certain road improvements in the County. The 2012 Bonds are being issued under the authority of Chapter 125, Part 1, Florida Statutes, as amended, Sections 206.41, Section 206.47 and 336.024, Florida Statutes, as amended and other applicable provisions of law and under and pursuant to Resolution No. 2012-11-15-12-02, adopted by the Board of County Commissioners of the County on November 15, 2012. The Bonds are special obligations of the County and are payable solely from and secured by a prior lien and pledge of (i) a portion of the proceeds of the constitutional fuel tax collected by the State to the Issuer and (ii) all moneys, including investment earnings thereof, in the funds and accounts established under the Resolution.

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

**NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)**

Long-term debt activity for the year ended September 30, 2013, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
<b>Governmental activities:</b>					
Revenue bonds	\$ 1,744,000	\$ 4,615,000	\$ 186,000	\$ 6,173,000	\$ 379,000
Capital lease obligations	467,124	102,631	115,263	454,492	109,974
Compensated absences	368,286	41,726	7,526	402,486	-
Landfill closure and post-closure costs	455,691	-	43,746	411,945	51,493
<b>Total</b>	<b>\$ 3,035,101</b>	<b>\$ 4,759,357</b>	<b>\$ 352,535</b>	<b>\$ 7,441,923</b>	<b>\$ 540,467</b>

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

There was \$92,271 interest capitalized for the year ended September 30, 2013.

Debt service requirements on long-term debt at September 30, 2013 are as follows:

FISCAL YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES			
	REVENUE BONDS		CAPITAL LEASE OBLIGATIONS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2014	\$ 379,000	\$ 180,835	\$ 109,974	\$ 11,244
2015	393,000	168,405	64,304	8,117
2016	407,000	155,470	250,010	1,685
2017	422,000	142,030	21,242	472
2018	432,000	128,040	8,962	51
2019-2023	1,570,000	445,035	-	-
2024-2028	1,200,000	285,424	-	-
2019-2033	1,370,000	123,185	-	-
<b>Total</b>	<b>\$ 6,173,000</b>	<b>\$ 1,628,424</b>	<b>\$ 454,492</b>	<b>\$ 21,569</b>

**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.

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

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

For those employees hired prior to July 1, 2011, FRS provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year prior to normal retirement. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Prior to July 1, 2011, retirement coverage was employee noncontributory. Effective July 1, 2011, the Florida Legislature mandated all employees contribute 3% to their retirement coverage with immediate vesting of their contributions.

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

	<b>10/01/12 Through <u>06/30/13</u></b>	<b>07/01/13 Through <u>9/30/13</u></b>
Regular employees	5.18%	6.95%
Senior management	6.30%	18.31%
Elected county officials' class	10.23%	33.03%
Special risk employees	14.90%	19.06%
DROP plan participants	5.44%	12.84%

Contribution rates equal actuarial determined rates. For the period October 01, 2012 through September 30, 2013, the total payroll for all employees and the retirement contributions for all employees covered by FRS were as follows:

	<b>Payroll Expense</b>	<b>Retirement Contributions</b>
Board of County Commissioners	\$ 2,619,070	\$ 197,804
Clerk of the Circuit Court	517,264	38,295
Sheriff	2,069,430	231,664
Property Appraiser	283,307	26,049
Tax Collector	225,480	21,649
Supervisor of Elections	108,620	14,199
Total	\$ 5,823,171	\$ 529,660

**NOTE 10 - EMPLOYEE BENEFITS (CONTINUED)**

The County's contributions to the Plan for the years ended September 30, 2013, 2012 and 2011 were \$555,816, \$468,335 and \$757,382 respectively, which equal the required contributions. For the year ended September 30, 2013, retirement contributions represent 9.54% 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, 2013, 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 position which represents the inventory balance at September 30, 2013.

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

**NOTE 12 – FUND EQUITY (CONTINUED)**

**Restricted Fund Balance:**

<b>Funds</b>	<b>Purpose</b>		
General Fund	Funding for:		
	Landfill escrow	\$ 128,924	
	Medical impact fees	56,588	
	Tourist development tax	70,652	
	Fire impact fees	36,719	
Total general fund			\$ 292,883
Special Revenue Fund	Funding for:		
	Transportation		445,107
	Capital projects		2,836,970
	Nonmajor governmental funds		
	Fine and forfeiture	\$ 1,447,184	
	E-911	1,103,552	
	Fire assessment	655,435	
	Landfill	1,170,745	
	Grants	533,207	
	SHIP trust	241,661	
Total nonmajor governmental funds			5,151,784
Total restricted fund balance			\$ 8,726,744

The transportation fund balance is restricted for debt service in the amount of \$98,575 and restricted for capital project expenditures of \$2,598,639.

**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, 2013, was \$128,924.

**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, 2013, there were no terminated employees entitled to benefits but not yet receiving them. The membership of the Plan consisted of:

Active employees	138
Retirees and beneficiaries currently receiving benefits	12
<u>Total membership</u>	<u>150</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 2013 was \$2,990. The chart below shows the cost of the monthly retiree premiums at September 30, 2013.

<b>Coverage</b>	<b>Capital Health Plan</b>
Retiree	\$ 249.10
Retiree & Spouse (Medicare)	\$ 498.20
Retiree & Spouse (Non-Medicare)	\$ 792.11
Family	\$ 1,059.18

**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>2013</u>
Annual required contribution	\$ 94,000
Interest on prior year net OPEB obligation	8,000
Adjustments to annual required contribution	(17,000)
<hr/>	
Annual OPEB costs	85,000
Estimated employer contribution made	(19,000)
<hr/>	
Increase (decrease) in net OPEB obligation	66,000
Net OPEB obligation, beginning of year	194,000
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Estimated net OPEB obligation, end of year	\$ 260,000

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2013 and the prior two (2) years were as follows:

Fiscal Year Ended	Annual OPEB Costs	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/11	\$114,000	16%	\$114,000
9/30/12	\$116,000	16%	\$194,000
9/30/13	\$85,000	22%	\$260,000

**NOTE 15 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)**

**Funded Status and Funding Progress** – As of September 30, 2013, the actuarial accrued liability of \$482,000 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)
07/01/13	\$ -	\$482,000	\$ 482,000	0.00%	\$6,385,000	7.5%	

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

**Actuarial Method and Assumptions** – The valuation dated July 1, 2013, for the fiscal date of October 1, 2012 to September 30, 2013, 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, 2013, 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, 2013, 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 also signed approximately \$701,000 in construction contracts.

Subsequent to year end, the County refinanced the remaining balance due on the Public Improvement Revenue Bonds, Series 1999.

**NOTE 19 - DEFICIT FUND BALANCES**

The Board had one non-major special revenue fund with deficit fund balances as of September 30, 2013 as follows:

<b>Funds</b>	<b>Amount</b>
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:

<b>Funds</b>	<b>Amount</b>
Transportation Fund	\$ (410,938)

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

## **Supplementary Information**

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

*September 30, 2013*

	Special Revenue				
	Fine and Forfeiture Fund	Landfill	SHIP Trust Fund	Grant Fund	Fire Assessment
<b>Assets</b>					
Cash and cash equivalents	\$ 498,388	\$ -	\$ 494,351	\$ 174,936	\$ -
Accounts receivable	-	-	-	-	-
Due from other funds	833,976	1,190,077	3,253	514,631	647,197
Due from other governmental units	114,941	16,379	-	8,742	8,442
<b>Total assets</b>	<b>\$ 1,447,305</b>	<b>\$ 1,206,456</b>	<b>\$ 497,604</b>	<b>\$ 698,309</b>	<b>\$ 655,639</b>
<b>Liabilities</b>					
Vouchers payable	\$ 121	\$ 35,711	\$ -	\$ -	\$ 204
Due to other governmental units	-	-	-	-	-
Due to other funds	-	-	-	165,102	-
Loan from other fund	-	-	-	-	-
Deferred revenue	-	-	255,943	-	-
<b>Total liabilities</b>	<b>121</b>	<b>35,711</b>	<b>255,943</b>	<b>165,102</b>	<b>204</b>
<b>Fund balances</b>					
Restricted	1,447,184	1,170,745	241,661	533,207	655,435
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>1,447,184</b>	<b>1,170,745</b>	<b>241,661</b>	<b>533,207</b>	<b>655,435</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,447,305</b>	<b>\$ 1,206,456</b>	<b>\$ 497,604</b>	<b>\$ 698,309</b>	<b>\$ 655,639</b>

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

September 30, 2013

	<u>Special Revenue</u>			<b>Total Non-Major Governmental Funds</b>
	<b>Payroll</b>	<b>E-911 Fund</b>	<b>Debt Service</b>	
<b>Assets</b>				
Cash and cash equivalents	\$ 883	\$ -	\$ -	1,168,558
Due from other funds	-	1,096,733	-	4,285,867
Due from other governmental units	-	6,819	-	155,323
Total assets	\$ 883	\$ 1,103,552	\$ -	\$ 5,609,748
<b>Liabilities</b>				
Vouchers payable	\$ 883	\$ -	\$ -	36,919
Interest payable	-	-	36,908	36,908
Due to other governmental units	-	-	-	-
Due to other funds	-	-	63,481	228,583
Deferred revenue	-	-	-	255,943
Total liabilities	883	-	100,389	558,353
<b>Fund balances</b>				
Restricted	-	1,103,552	(36,908)	5,114,876
Unassigned	-	-	(63,481)	(63,481)
Total fund balances	-	1,103,552	(100,389)	5,051,395
Total liabilities and fund balances	\$ 883	\$ 1,103,552	\$ -	\$ 5,609,748

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

*For the year ended September 30, 2013*

	Special Revenue				
	Fine and Forfeiture Fund	Landfill	SHIP Trust Fund	Grants Fund	Fire Assessment
<b>Revenues</b>					
Taxes	\$ 874,568	\$ -	\$ -	\$ -	\$ -
Intergovernmental	259,242	91,008	210,950	447,435	-
Charges for services	14,107	43,842	-	-	-
Fines and forfeitures	172,866	-	-	-	-
Investment earnings	872	281	35	7	-
Other fees and miscellaneous revenues	-	1,301,523	-	-	619,562
<b>Total revenues</b>	<b>1,321,655</b>	<b>1,436,654</b>	<b>210,985</b>	<b>447,442</b>	<b>619,562</b>
<b>Expenditures</b>					
Current:					
Public safety	330,026	-	-	-	-
Fire safety	-	-	-	-	655,262
Health and sanitation	-	1,431,983	-	-	-
Economic development	-	-	243,623	457,115	-
Capital outlay	18,011	334,708	-	-	4,954
Debt service					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
<b>Total expenditures</b>	<b>348,037</b>	<b>1,766,691</b>	<b>243,623</b>	<b>457,115</b>	<b>660,216</b>
Excess (deficiency) of revenues over (under) expenditures	973,618	(330,037)	(32,638)	(9,673)	(40,654)
<b>Other financing sources (uses)</b>					
Transfers in	2,579,222	-	-	-	-
Transfers out	(3,493,296)	(10,994)	-	-	(6,261)
<b>Net other financing sources (uses)</b>	<b>(914,074)</b>	<b>(10,994)</b>	<b>-</b>	<b>-</b>	<b>(6,261)</b>
<b>Net change in fund balances</b>	<b>59,544</b>	<b>(341,031)</b>	<b>(32,638)</b>	<b>(9,673)</b>	<b>(46,915)</b>
<b>Fund balances - beginning</b>	<b>1,387,640</b>	<b>1,511,776</b>	<b>274,299</b>	<b>542,880</b>	<b>702,350</b>
<b>Fund balances - ending</b>	<b>\$ 1,447,184</b>	<b>\$ 1,170,745</b>	<b>\$ 241,661</b>	<b>\$ 533,207</b>	<b>\$ 655,435</b>



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

*For the year ended September 30, 2013*

	Special Revenue			Total Non-Major Governmental Funds
	Payroll	E-911 Fund	Debt Service	
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ 874,568
Intergovernmental	-	180,396	-	1,189,031
Charges for services	-	-	-	57,949
Fines and forfeitures	-	-	-	172,866
Investment earnings	-	-	-	1,195
Other fees and miscellaneous revenues	-	-	-	1,921,085
Total revenues	-	180,396	-	4,216,694
<b>Expenditures</b>				
Current:				
Public health and safety	-	326,063	-	656,089
Fire safety	-	-	-	655,262
Health and sanitation	-	-	-	1,431,983
Economic development	-	-	-	700,738
Capital outlay	-	-	-	357,673
Debt service				
Principal	-	-	186,000	186,000
Interest and other charges	-	-	170,751	170,751
Total expenditures	-	326,063	356,751	4,158,496
Excess (deficiency) of revenues over (under) expenditures	-	(145,667)	(356,751)	58,198
<b>Other financing sources (uses)</b>				
Transfers in	-	-	319,843	2,899,065
Transfers out	-	-	-	(3,510,551)
Net other financing sources (uses)	-	-	319,843	(611,486)
<b>Net change in fund balances</b>	-	(145,667)	(36,908)	(553,288)
<b>Fund balances - beginning</b>	-	1,249,219	(63,481)	5,604,683
<b>Fund balances - ending</b>	\$ -	\$ 1,103,552	\$ (100,389)	\$ 5,051,395

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

*September 30, 2013*

	Clerk of the Circuit Court	Tax Collector	Sheriff	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 321,826	\$ 1,045,601	\$ 47,632	\$ 1,415,059
<b>Total assets</b>	<b>\$ 321,826</b>	<b>\$ 1,045,601</b>	<b>\$ 47,632</b>	<b>\$ 1,415,059</b>
<b>Liabilities</b>				
Due to other governments	\$ -	\$ 1,045,601	\$ -	\$ 1,045,601
Due to others	321,826	-	47,632	369,458
<b>Total liabilities</b>	<b>\$ 321,826</b>	<b>\$ 1,045,601</b>	<b>\$ 47,632</b>	<b>\$ 1,415,059</b>

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

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

We have audited, in accordance with the 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 of the United States, 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, 2013, and have issued our report thereon dated June 10, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies that may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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 and correct 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 TC2013-01, Board 2013-02, 2008-1, 2008-2 and TC2009-1 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 10, 2014.

### **Jefferson County's Response to Findings**

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.

### **Purpose of this Report**

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 10, 2014

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
AWARD PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY 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

**Report on Compliance for Each Major Federal Program and State Project**

We have audited of Jefferson County, Florida, Board of County Commissioners' compliance (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 Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2013. 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.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the County's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550 Rules of the Florida Auditor General. Those standards, OMB Circular A-133 and Chapter 10.550 Rules of the Florida 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 on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the County's compliance.

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

### ***Opinion on Each Major Federal Program and State Project***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2013.

### **Report on Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550 Rules of the Florida 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 considered a certain deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item Board 2013-01 to be a significant deficiency.

The County's response to the findings identified in our audit is described in the accompanying letter. The County's response was not subjected to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.550 Rules of the Florida Auditor General. Accordingly, this report is not suitable for any other purpose.

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

June 10, 2014

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

*For the year ended September 30, 2013*

Federal Agency Pass through entity Federal Award Programs	CFDA Number	Contract/Grant Number	Expenditures
<b>United States Department of Housing and Urban Development</b>			
Section 8 Housing Choice Vouchers	14.871	FL140V0	\$ 500,883
<b>Total United States Department of Housing and Urban Development</b>			<b>500,883</b>
<b>United States Department of Agriculture</b>			
Watershed Protection and Flood Prevention	10.904	69-4209-12-1782	463,557
<b>Total United States Department of Agriculture</b>			<b>463,557</b>
<b>United States Department of Homeland Security</b>			
Passed through the Florida Division of Emergency Management			
Homeland Security Grant Program	97.067	12-DS-20-02-43-01-346	20,000
Homeland Security Grant Program	97.067	11-DS-9Z-02-43-01-391	9,000
Homeland Security Grant Program	97.067	11-C1-35-02-43-01-108	1,336
Total Homeland Security Grant Program			30,336
Public Assistance Grant - Tropical Storm Debbie	97.050	13-DB-23-02-43-02-523	185,765
Emergency Management Performance Grants	97.042	14-FG-1M-02-43-01-100	54,534
<b>Total United States Department of Agriculture</b>			<b>270,635</b>
<b>United States Department of Health and Human Services</b>			
Florida Department of Revenue:			
Child Support Enforcement			
Child Support Enforcement - Title IVD	93.563	CD-333	40,818
<b>Total United States Department of Health and Human Services</b>			<b>40,818</b>
<b>United States Department of Justice</b>			
Florida Department of Law enforcement:			
Edward Byrne Memorial Grant Program			
Jefferson County Mobile Unit Project	16.738	2013-JAGC-JEFF-1-D7-227	31,646
<b>Total United States Department of Justice</b>			<b>31,646</b>
<b>Total expenditures of Federal Awards Programs</b>			<b>\$ 1,307,539</b>



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

*For the year ended September 30, 2013*

State Agency State Program Title State Financial Assistance Projects	CSFA Number	Grant/ Contract Number	Expenditures
<b>Florida Housing Finance Corporation</b>			
State Housing Initiatives Partnership Program	52.901	11/12	\$ 243,623
<b>Total Florida Housing Finance Corporation</b>			<b>243,623</b>
<b>Florida Department of State</b>			
<b>Division of Library and Information Services:</b>			
State Aid to Libraries	45.030	13-ST-95	61,771
<b>Division of Historical Resources</b>			
Historic Preservation Grant	45.031	S1324	50,000
<b>Total Florida Department of State</b>			<b>111,771</b>
<b>Florida Executive Office of the Governor</b>			
<b>Emergency Management</b>			
Emergency Management Programs	31.063	14-BG-83-02-43-01-033	105,806
<b>Total Executive Officer of the Governor</b>			<b>105,806</b>
<b>Florida Department of Environmental Protection</b>			
<b>Small County Grants</b>			
Cooperative Collection Center Grant	37.007	SO624	13,759
Small County Consolidated Grant - Solid Waste	37.012	319SC	70,588
<b>Total Florida Department of Environmental Protection</b>			<b>84,347</b>
<b>Florida Department of Economic Opportunity</b>			
<b>Office of Tourism, Trade and Development</b>			
Tropical Storm Debbie	97.050	13-DB-23-02-43-02-573	30,960
Rural Infrastructure Fund	40.013	DOO22	25,738
Visit Florida	40.006	N/A	1,000
<b>Total Florida Department of Economic Opportunity</b>			<b>57,698</b>
<b>Florida Department of Transportation</b>			
<b>Public Transit Service Development Program</b>			
County Incentive Grant Program (CIGP)	55.008	AQC97	48,335
<b>Florida Department of Transportation</b>			<b>48,335</b>
<b>Florida Department of Agriculture</b>			
Mosquito Control	42.003	n/a	18,500
<b>Total Florida Department of Agriculture</b>			<b>18,500</b>
<b>Florida Department of Management Services</b>			
Summer Program Award	72.002	13-5-32	12,890
<b>Total Department of Management Services</b>			<b>12,890</b>
<b>Florida Humanities Council</b>			
Prime Time Grant	N/A	C_PT13_JEFF_1302	7,243
<b>Total Florida Humanities Council</b>			<b>7,243</b>
<b>Total Expenditures of State Financial Assistance Projects</b>			<b>\$ 690,213</b>

**Jefferson County, Florida**  
**Notes to Schedule of Expenditures of Federal Award**  
**Programs and State Financial Assistance Projects**  
**For the year ended September 30, 2013**

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**NOTE 1 - BASIS OF ACCOUNTING**

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

**NOTE 2 - REPORTING ENTITY**

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

**NOTE 3 - PASS-THROUGH AWARDS**

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

**Jefferson County, Florida**  
**Schedule of Findings and Questioned Costs**  
**For the year ended September 30, 2013**

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**A. SUMMARY OF AUDIT RESULTS**

1. The Independent Auditors' Report expresses an unmodified 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 was 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 for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General for Jefferson County, Florida expresses an unmodified opinion.
6. Audit findings relative to the major federal award programs and state financial assistance projects for Jefferson County, Florida are reported in this schedule.
7. The programs/projects tested as major programs/projects included the following:

<b>Federal Programs</b>	<b>CFDA No.</b>
U.S. Department of Housing and Urban Development	
Section 8 Housing Choice Vouchers	14.871
U.S. Department of Agriculture	
Watershed Protection and Flood Protection	10.904
<b>State Projects</b>	
Florida Housing Finance Corporation	
State Housing Initiatives Partnership Program	52.901
Florida Executive Office of the Governor	
Emergency Management	31.063

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.

**Jefferson County, Florida**  
**Schedule of Findings and Questioned Costs**  
**For the year ended September 30, 2013**

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**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

**Budget Over Expenditure and Deficit Fund Balance TC2013-01**

COMMENT: The Tax Collector had a deficit fund balance at September 30, 2013. The budget over expenditure and related deficit were the result of litigation in 2013. The litigation was complete at September 30, 2013; however, some expenditures were not paid until fiscal year 2014. Accrual based accounting states that revenue and expenditures are to be recorded in the period earned or incurred. The Tax Collector communicated with the Board of County Commission about a budget amendment to cover these legal fees. The Department of Revenue amended the Tax Collector's 2013 / 2014 budget in December 2013 for the excess expenditures.

RECOMMENDATION: We recommend the Tax Collector monitor the budget vs. actual expenditures to insure that budget amendments and additional funding are properly granted if necessary.

**Accounts Receivable Board 2013-02**

COMMENT: We noted the allowance for doubtful accounts related to ambulance accounts receivable was understated and adjusted by \$288,000. Failure to properly manage the allowance for doubtful accounts could cause net assets to be overstated.

RECOMMENDATION: We recommend management review aged accounts receivable timely and adjust the allowance accordingly. We also recommend management implement additional procedures to improve collections.

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

**Significant Deficiency Board 2013-01: ERRORS IN FAIR MARKET STANDARDS USED.**

**United States Department of Housing and Urban Development, HUD, CFDA 14.871**

COMMENT: We noted incorrect fair market standards used in calculating HAP payments. Standards were not updated to reflect current published standards. Additionally, it was noted that standards were occasionally based on the wrong number of bedrooms. Finally, it was noted that the vouchered bedroom numbers were excessive as relates to number of household members on some files tested. This can result in improper calculations of HAP payments.

RECOMMENDATION: We recommend published standards be reviewed and posted and that the number of vouchered bedrooms be agreed to standards.

**Jefferson County, Florida**  
**Summary Schedule of Prior Audit Findings**  
**For the year ended September 30, 2013**

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

**MAJOR FEDERAL PROGRAMS AND STATE PROJECTS**

**BOARD OF COUNTY COMMISSIONERS**

**Significant Deficiency Board 2011-1: INCOMPLETE DOCUMENTATION AND PROCEDURES – 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 was corrected in the current year.

**Jefferson County, Florida**  
**Summary Schedule of Prior Audit Findings**  
**For the year ended September 30, 2013**

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**FINANCIAL STATEMENT AUDIT**

**BOARD OF COUNTY COMMISSIONERS**

**Significant Deficiency Board 2012-1: FIXED ASSETS – NOT RESOLVED**

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

STATUS: This condition continues to exist.

**TAX COLLECTOR**

**Significant Deficiency TC2009-1: 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.

**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, 2013**

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**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.

## 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 basic financial statements of Jefferson County, Florida (the "County") as of and for the fiscal year ended September 30, 2013, 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*; and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, Independent Auditors' Report on Compliance For Each Major Federal Program and State Project and on Internal Control over Compliance Required By OMB A-133 and Chapter 10.550, Rules of the Florida Auditor General, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated June 10, 2014, 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 noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with the audit, we did not have any such findings.



- Section 10.554(1)(i)5., 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 is disclosed in the notes to the financial statements.
- Section 10.554(1)(i)6.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)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Jefferson County for the fiscal year ended September 30, 2013, 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, 2013. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)6.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 and 28.36, 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 and 28.36, Florida Statutes.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, 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 10, 2014



# KIRK REAMS

Jefferson County  
Clerk of Court & CFO

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

June 5, 2014

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

RE: 2012-2013 Audit Report Findings

Dear Mr. Martin:

In regards to auditor's findings 2013-1, 2012-1, 2008-1 and 2008-2 for the year ending September 30, 2013.

We agree with the finding and recommendation that all fair market standards used in calculating HAP payments should be reviewed to ensure their accuracy and correctness. Also, it should be noted that beginning July 1, 2013, the Northwest Florida Housing Authority became responsible for administering this program.

We agree with the finding that during the audited time period the County lacked the necessary internal controls to ensure that all capital outlay items were recorded as fixed assets. Currently, we have drafted a formal County Capital Asset Policy which details all capitalization guidelines. It also includes forms that will be used for purchasing, recording, transferring and then disposing of all County Capital Assets. It is anticipated to be finalized prior to the beginning of County Fiscal Year 2014-2015.

We agree with the finding that there is not an ideal segregation of duties among employee's in regard to certain accounting and administrative job functions. However, due to the size and overall lack of funding in Jefferson County we do not have the ability to hire all the additional staff personnel that would be required to completely resolve this issue. That being said, we are proud of the fact that through upgrading staff, education, training and awareness we are making significant strides to improve our internal controls and have a system of checks and balances.

We agree with the finding that we do not have adequate staffing levels to prepare financial statements in accordance with generally accepted accounting principles (GAAP). Jefferson County is a small, fiscally constrained County and it does not have the level of funding necessary to hire additional personnel to perform this task. As recommended by Carr, Riggs & Ingram, we will continue to request outside assistance when preparing annual financial statements.

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

Jefferson County  
Clerk of Court & CFO

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

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

RE: 2012-2013 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, 2013.

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  
Office Of The Property Appraiser  

---

Angela Gray, CFA Property Appraiser

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

Re: 2012-13 Audit

To Whom It May Concern:

I have received and reviewed the auditor's findings and recommendations provided by your firm for the year ended September 30, 2013. Please find my response to recommendations below:

1) Need for Segregation of Duties PA08-01 – This office has hired an individual with accounting and financial experience. We have implemented new policies of financial controls and segregation of duties. This new procedure allows for 3 and/or 4 persons to divide duties that addresses all areas of concern regarding financial controls utilizing the following seven control standards applicable to the process.

- Appropriate – The transaction is directly related to achieving the operation of the Property Appraiser's Office.
- Valid – The transaction is allowed by policy, law, contractual agreement, and/or professional standards.
- Reasonable – The amount being paid for a product or service or received in payment for a product or service is fair.
- Funded – For payment transactions, sufficient funding exists to pay for the transaction
- Accurately recorded – The transaction amount is consistent with value received, provided, or adjusted for; and is free from accounting coding or arithmetic error.
- 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.
- 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 – This office will continue to utilize Carr, Riggs & Ingram or another firm of the same capabilities to prepare financial statements each year.

Respectfully,

A handwritten signature in blue ink that reads "Angela Gray".

Angela C. Gray, CFA  
Jefferson County Property Appraiser

# 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

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

Re: 2012-2013 Audit Report Findings

Dear Mr. Martin,

This is in reply to our auditor's findings for the year ended September 30, 2013.

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 by my office to make certain no misstatements are made. I also continue to 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



*Marty Bishop*

*Jefferson County  
Supervisor of Elections*

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

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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, 2013.

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

**YOUNG VAN ASSENDERP, P.A.**  
**ATTORNEYS AND COUNSELORS AT LAW**

**215 South Monroe Street  
Suite 802  
Tallahassee, Florida 32301**

**Post Office Box 1833  
Tallahassee, FL 32302-1833**

**Telephone (850) 222-7206  
Telecopier (850) 561-6834**

**June 18, 2014**

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

**To Whom It May Concern:**

**My firm represents Lois H. Hunter, in her capacity as the State constitution's Tax Collector in and for the Jefferson county political subdivision (herein-after "Tax Collector"). This is in reply to the audit report prepared by Carr Riggs and Ingram for auditing services for the Tax Collector's office for the fiscal year ending September 30, 2013.**

**Please note that the cost/benefit analysis proves too costly for my client's office to hire additional personnel to prepare financial statements on its own. As a result, my client has contracted with an independent contractor CPA to assist in providing these services.**

**As it pertains to the finding that my client's office exceeded its budget, my client's office understands the technical nature of this finding but, for reasons which will be set forth more fully below, the audit report does not set forth all of the pertinent facts surrounding my client's efforts to properly amend the Tax Collector's 2013 budget through the proper channels.**

**This matter began when a terminated employee sued my client on January of 2013. The former employee's claim of wrongful termination proved without merit and the jury ultimately found in my client's favor. The terminated employee was let go for many reasons, the last of which was a misappropriation \$612.47 from her end of**

day cash and check collections. After 9 months of litigation in federal court, the jury found unanimously that my client was within her rights to terminate the employee. Just recently, the former employee was required by the State Attorney to refund my client's office the amount of \$612,477. Litigation is expensive and costly. My client's office pays its outstanding obligations in a timely manner.

My client was well aware of the ongoing nature of the litigation and therefore made several attempts to amend the Tax Collector's budget. First, my client sought an initial budget amendment from the Board of County Commissioners (the "Board") during the 2013 fiscal year. After my client's initial request, the Board discussed at one of its meetings setting aside \$100,000 in a fund to cover legal expenses. However, unbeknownst to my client at that time, the Board never approved this amount through a formal adopted motion.

Upon learning that the Board never approved this additional funding, my client took additional steps to ensure that the budget was amended by the Board. As evidenced in the attached exhibits "A," "B," and "C," on more than one occasion, my client again requested approval and direction from the Board as to how to pay her outstanding legal obligation. In the my client's last written request to the Board, she provided that if the Board did not direct otherwise, she would move forward and seek a budget amendment through the Department of Revenue in order to pay the outstanding legal obligation out of unspent revenues generated by my client's office. The Board did not direct otherwise so my client satisfied the obligation as set forth in the letter to the Board after consultation with the Department.

At each step of the way, my client consulted directly with the Department of Revenue. Please note that the Department now approves my client's budget pursuant to Florida law. The Department took the necessary steps in order for the Tax Collector to be able to honor its outstanding obligations.

As a result of my client's attempts to lawfully amend the budget to satisfy the outstanding legal obligations, my client should not now be subject to a finding that she did not get her budget amended properly when the Board did not respond to my client's final letter, thereby authorizing my client to work with the Department to amend the budget. Again, my client took every step feasible to get her budget amended and must therefore not be held responsible due to the Board not taking the formal steps necessary to properly amend the Tax Collector's 2013 budget. In any event, the budget was amended by the Department of Revenue so that this matter was ultimately and timely resolved.

My client 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,

A handwritten signature in blue ink, appearing to read "Timothy R. Qualls". The signature is fluid and cursive, with a large initial "T" and "R".

Timothy R. Qualls

cc: Lois H. Hunter

EXHIBIT

A



*Lois H. Hunter, C.F.C.*

Jefferson County Tax Collector  
500 West Walnut Street  
Monticello, Florida 32944

Phone (850) 842-0147  
Fax (850) 842-0149

October 9, 2013

Jefferson County Board of County Commissioners  
1 Courthouse Circle  
Monticello, Florida 32944

Dear County Commissioners,

I'm requesting \$75,837.31 to pay attorney's fees incurred in a recent law suit filed by Mayor Idella Scott against the Jefferson County Tax Office. As you all know the case was settled through a court of law in which I prevailed in my actions to terminate Ms. Scott.

Your cooperation in this matter would be greatly appreciated.

Thanks

A handwritten signature in black ink, reading "Lois Howell-Hunter". The signature is written in a cursive, flowing style.

Lois Howell-Hunter  
Jefferson County Tax Collector

EXHIBIT

B



*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

October 30, 2013

The Honorable Board of County Commissioners  
Jefferson County Courthouse  
1 Courthouse Circle - Room 10  
Monticello, Florida 32344

Gentlemen:

This letter is in regards to the fees collected in the Months of July, August and September 2013.

Fees collected in the Months of July, August, and September 2013 in the amount of \$99,503.07.

Below is the list of options for payment to the Board of County Commissioners for these fees collected:

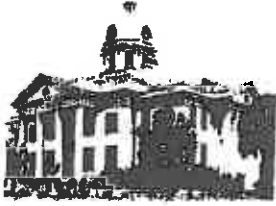
- 1). Payment for attorney fees on the recent case can be deducted from these fees and the remainder balance issued.
- 2). Payment can be submitted to the Department of Revenue for an amended budget and payment will be issued from D.O.R.

Please inform me of the option that you select for these fees.

Sincerely,

A handwritten signature in black ink, appearing to read "Lois H. Hunter", is written over the typed name.

Lois H. Hunter  
Tax Collector



*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

November 19, 2013

The Honorable Board of County Commissioners  
Jefferson County Courthouse  
1 Courthouse Circle - Room 10  
Monticello, Florida 32344

Gentlemen:

This letter is to follow-up with the previous letter that was sent to you on October 30, 2013 regarding the fees collected in the Months of July, August and September 2013 in the amount of **\$99,503.07.**

A response is needed by your office no later than Friday, November 22, 2013, or an amended budget will have to be sent to **Department of Revenue.**

Please inform me of the option for the Attorney's fees, which you have selected.

Sincerely,

A handwritten signature in cursive script that reads "Lois H. Hunter".  
Lois H. Hunter  
Tax Collector

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

**Special-Purpose Financial Statements**

**September 30, 2013**

**Jefferson County, Florida**  
**Clerk of the Circuit Court**  
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**September 30, 2013**

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions 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 the *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special-purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the special-purpose financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Honorable Kirk B. Reams

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

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.

### **Opinion**

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 fiduciary fund type of the Clerk as of September 30, 2013, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2014 on our consideration of the Clerk'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* in considering the Clerk's internal control over financial reporting and compliance.

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

April 29, 2014



## **Special-Purpose Financial Statements**

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

*September 30, 2013*

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	<b>General Fund</b>
<hr/>	
<b>Assets</b>	
Restricted cash and cash equivalents	\$ 187,056
Due from other governmental units	40,673
<hr/>	
Total assets	\$ 227,729
<hr/>	
<b>Liabilities</b>	
Due to Board of County Commissioners	\$ 26,062
Due to other governmental units	16,635
Deferred revenue	5,473
<hr/>	
Total liabilities	48,170
<hr/>	
<b>Fund balances</b>	
Restricted	179,559
<hr/>	
Total liabilities and fund balances	\$ 227,729
<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, 2013*

		<b>General Fund</b>
<hr/>		
<b>Revenues</b>		
Charges for services	\$	141,014
Intergovernmental		344,845
Fines and forfeitures		90,054
<hr/>		
Total revenues		575,913
<hr/>		
<b>Expenditures</b>		
General government		
Personal services		251,984
Operating expenses		90,787
Court-related		
Personal services		345,775
Operating expenses		38,980
<hr/>		
Total expenditures		727,526
<hr/>		
Excess (deficiency) of revenues over (under) expenditures		(151,613)
<hr/>		
<b>Other financing sources (uses)</b>		
Transfers in		233,000
Transfers out		(26,062)
<hr/>		
Net other financing sources (uses)		206,938
<hr/>		
<b>Net change in fund balances</b>		55,325
<hr/>		
<b>Fund balances - beginning - Restricted</b>		124,234
<hr/>		
<b>Fund balances - ending - Restricted</b>	\$	179,559
<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, 2013*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Charges for services	\$ 164,000	\$ 164,000	\$ 141,014	\$ (22,986)
Intergovernmental	344,845	344,845	344,845	-
Fines and forfeitures	49,877	49,877	90,054	40,177
<b>Total revenues</b>	<b>558,722</b>	<b>558,722</b>	<b>575,913</b>	<b>17,191</b>
<b>Expenditures</b>				
General government				
Personal services	280,467	292,811	251,984	40,827
Operating expenses	80,531	89,634	90,787	(1,153)
Court-related				
Personal services	342,302	343,602	345,775	(2,173)
Operating expenses	84,422	64,122	38,980	25,142
Capital outlay	4,000	1,553	-	1,553
<b>Total expenditures</b>	<b>791,722</b>	<b>791,722</b>	<b>727,526</b>	<b>64,196</b>
Excess (deficiency) of revenues over (under) expenditures	(233,000)	(233,000)	(151,613)	81,387
<b>Other financing sources (uses)</b>				
Transfers in	233,000	233,000	233,000	-
Transfers out	-	-	(26,062)	(26,062)
<b>Net other financing sources (uses)</b>	<b>233,000</b>	<b>233,000</b>	<b>206,938</b>	<b>(26,062)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 55,325</b>	<b>\$ 55,325</b>

See accompanying notes to financial statements.

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

*September 30, 2013*

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	<b>Agency Funds</b>
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 321,826
<hr/>	
Total assets	\$ 321,826
<hr/> <hr/>	
<b>Liabilities</b>	
Due to others	\$ 321,826
<hr/>	
Total liabilities	\$ 321,826
<hr/> <hr/>	

See accompanying notes to financial statements.

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

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

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

**Reporting Entity**

The Jefferson County Clerk of Circuit Court (Clerk) is an integral part of Jefferson County, Florida and is an elected Constitutional Officer who is governed by state statutes and regulations. The financial statements of the Clerk are included in Jefferson County, Florida's basic financial statements. The Clerk operates on a fee and budgetary system. Under the fee system, the officer retains fees, commissions, and other revenue to pay all operating expenditures, including statutory compensation. Under the budgetary system, appropriated funds are received from the Board of County Commissioners and any unexpended appropriations are remitted to the Board of County Commissioners after the end of the fiscal year. The receipts from the Board are recorded as other financing sources on the Clerk's financial statements and as other financing uses on the Board's financial statements. Effective June 1, 2013, the Clerk was authorized to retain funds collected for court-related fines, fees and service charges. The Clerk will also receive a monthly appropriation from the State of Florida Clerk of Court Trust Fund for any shortage of revenues up to the approved budget. The receipts from the State are recorded as intergovernmental revenue on the Clerk's financial statements. As specified in Florida Senate Bill 1512, spending authority will continue to be provided by the State and will follow the county fiscal year (October 1 to September 30) and provide a transition budget for the three month period from July 2013 through September 2013. The excess revenues over expenditures for the transition budget are to be returned to the Trust Fund by January 2015. 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**

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

**Basis of Presentation**

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

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

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

The Clerk also reported the following fund type:

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

**Measurement Focus**

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

**Basis of Accounting**

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

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

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

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

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

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

**Budgetary Requirements**

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

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

**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
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**Due to Others**

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



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

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

**Accumulated Compensated Absences**

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

The Clerk's accumulated compensated absences are reported in the statement of net position 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 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 in the last 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 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**

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**NOTE 2 - DEPOSITS AND INVESTMENTS**

At September 30, 2013, the carrying amount of the Clerk's cash and cash equivalents and restricted cash was \$508,882 and the bank balance was \$511,815. 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, 2013, the market value and the carrying value of these funds were \$51,588. The funds are carried as a cash equivalent on the balance sheet at September 30, 2013 (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, 2013. 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, 2013. The Fair Value factor for Fund B for September 30, 2013, is 1.13262284.

As of September 30, 2013, the Board had \$49,510 and \$2,078 invested in Florida PRIME and B, respectively. Additional information and investment policies regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration at [www.sbafla.com/prime](http://www.sbafla.com/prime).

**Credit Risk**

As of September 30, 2013, 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, 2013, is 44 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, 2013, is estimated at 4.04 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, 2013, the Clerk did not hold any deposits or investments that were considered to have custodial credit risk.

**Concentration of Credit Risk**

At September 30, 2013, 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 position in the County's financial statements.

Long-term liability activity for the year ended September 30, 2013, was as follows:

	<b>BEGINNING BALANCE</b>	<b>ADDITIONS</b>	<b>REDUCTIONS</b>	<b>ENDING BALANC E</b>	<b>DUE WITHIN ONE YEAR</b>
<b>Governmental activities:</b>					
Compensated absences	\$ 17,889	\$ 5,124	\$ -	\$ 23,013	\$ -
<b>Total</b>	<b>\$ 17,889</b>	<b>\$ 5,124</b>	<b>\$ -</b>	<b>\$ 23,013</b>	<b>\$ -</b>

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

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

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**NOTE 4 - EMPLOYEE PENSION PLAN**

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

For those employees hired prior to July 1, 2011, FRS provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of credible service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Prior to July 1, 2011, retirement coverage was employee noncontributory. Effective July 1, 2011 the Florida Legislature mandated all employees contribute 3% to their retirement coverage with immediate vesting of their contributions.

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

	<b>10/01/12 Through <u>06/30/13</u></b>	<b>07/01/13 Through <u>09/30/13</u></b>
Regular employees	5.18%	6.95%
Senior Management	6.30%	18.31%
Elected county officials' class	10.23%	33.03%
Special risk employees	14.90%	19.06%
Drop participants	5.44%	12.84%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2012 through September 30, 2013, the total payroll for the Clerk employees covered by the System was \$517,264. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2013, 2012 and 2011 were \$38,295, \$31,726 and \$56,033 respectively, which equal the required contributions. For the year ended September 30, 2013, retirement contributions represent 7.40% of covered payroll.

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

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**NOTE 5 - COURT RELATED FEES**

Based on the legal opinion provided by the Clerks of Court Operations Corporation general counsel of the provisions of Section 28.37(3), F.S., which was adopted as policy by the CCOC Finance and Budget Committee, all excess court-related funds have been included in a fund liability, Due to Other Governmental Units. As of September 30, 2013, excess court-related funds were \$16,635.

**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, 2013, restricted fund balance is comprised of the following:

<b>Funds</b>	<b>Purpose</b>	
General Fund	Funding for:	
	Modernization of Public Records	\$ 15,617
	Court-related technology	84,455
	Court-related operational needs and program enhancements	79,487
	Total restricted fund equity	<u>\$ 179,559</u>

**NOTE 7 - COOPERATIVE AGREEMENT**

The Clerk has a Cooperative Agreement with the Florida Department of Revenue. This agreement encompasses all the Clerk's child support functions. It allows for indirect cost reimbursement. The Clerk uses an established indirect cost rate to invoice the Department of Revenue each month. These amounts are federal funds received under CFDA #93.563. The net amount received was \$53,187.

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

**NOTE 8 - 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 recorded as a transfer out to the Board of County Commissioners in the amount of \$26,062 as of September 30, 2013.

## **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, in accordance with the 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, 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, 2013, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements and have issued our report thereon dated April 29, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Clerk's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described below as finding No. C08-01 and C08-02 and that we consider to be significant deficiencies.



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

**Clerk's Response to Findings**

The Clerk's response to the findings identified in our audit is described in the accompanying letter. The Clerk's response was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clerk's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

April 29, 2014

## 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, 2013, and have issued our report thereon dated April 29, 2014.

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 Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, which is dated April 29, 2014, 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 noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. 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, 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, Clerk of the Circuit Court 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, Clerk of the Circuit Court.
- Section 10.554(1)(i)7., Rules of the Auditor General, requires a statement as to whether or not the Clerk of Court complied with Sections 28.35 and 28.36, Florida Statutes. In connection with our audit, we determined that the Clerk complied with the budget and performance standards pursuant to Sections 28.35 and 28.36, Florida Statutes.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and the Jefferson County, Florida Clerk and is not intended to be and should not be used by anyone other than these specified parties.

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

April 29, 2014



# KIRK REAMS

Jefferson County  
Clerk of Court & CFO

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

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

RE: 2012-2013 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, 2013.

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, 2013**

**Jefferson County, Florida**  
**Property Appraiser**  
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**September 30, 2013**

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[www.cricpa.com](http://www.cricpa.com)

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Property Appraiser's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions 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 the *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special-purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Property Appraiser's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the special-purpose financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Honorable Angela C. Gray



Property Appraiser of Jefferson County, Florida  
Monticello, Florida

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.

### **Opinion**

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, 2013, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2014 on our consideration of the Property Appraiser'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* in considering the Property Appraiser's internal control over financial reporting and compliance.

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

April 22, 2014

## **Special-Purpose Financial Statements**

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

*September 30, 2013*

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	<b>General Fund</b>
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 1,794
<hr/>	
Total assets	\$ 1,794
<hr/> <hr/>	
<b>Liabilities</b>	
Due to Board of County Commissioners	\$ 1,794
<hr/>	
Total liabilities	1,794
<hr/>	
<b>Fund balance</b>	-
<hr/>	
Total liabilities and fund balance	\$ 1,794
<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, 2013*

	<b>General Fund</b>
<hr/>	
<b>Revenues</b>	
Charges for services	\$ 1,500
Investment earnings	39
<hr/>	
Total revenues	1,539
<hr/>	
<b>Expenditures</b>	
General government	
Personal services	335,115
Operating expenses	105,171
Capital outlay	12,099
<hr/>	
Total expenditures	452,385
<hr/>	
Deficiency of revenues under expenditures	(450,846)
<hr/>	
<b>Other financing sources (uses)</b>	
Transfers in	452,640
Transfers out	(1,794)
<hr/>	
Net other financing sources	450,846
<hr/>	
<b>Net change in fund balance</b>	-
<hr/>	
<b>Fund balance - beginning</b>	-
<hr/>	
<b>Fund balance - ending</b>	\$ -
<hr/> <hr/>	

See accompanying notes to financial statements.

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

*For the year ended September 30, 2013*

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Charges for services	\$ -	\$ -	\$ 1,500	\$ 1,500
Investment earnings	-	-	39	39
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>1,539</b>	<b>1,539</b>
<b>Expenditures</b>				
General government				
Personal services	335,015	338,540	335,115	3,425
Operating expenses	104,349	101,550	105,171	(3,621)
Non-Operating Expense	3,526	-	-	-
Capital outlay	3,750	12,550	12,099	451
<b>Total expenditures</b>	<b>446,640</b>	<b>452,640</b>	<b>452,385</b>	<b>255</b>
Deficiency of revenues under expenditures	(446,640)	(452,640)	(450,846)	1,794
<b>Other financing sources (uses)</b>				
Transfer in	446,640	452,640	452,640	-
Transfer out	-	-	(1,794)	(1,794)
<b>Net other financing sources</b>	<b>446,640</b>	<b>452,640</b>	<b>450,846</b>	<b>(1,794)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to financial statements.

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

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

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

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

**Basis of Presentation**

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

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

When both restricted and unrestricted resources are available for use, it is the 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
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**Jefferson County, Florida**  
**Property Appraiser**  
**Notes to Special-Purpose Financial Statements**

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

**Accumulated Compensated Absences**

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

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

**Risk Management and Insurance**

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

**Management Estimates and Assumptions**

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

**Subsequent Events**

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

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

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**NOTE 2 - DEPOSITS AND INVESTMENTS**

At September 30, 2013, the carrying amount of the Property Appraiser's cash and cash equivalents was \$1,794 and the bank balance was \$48,611. 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, 2013, the Property Appraiser did not hold any deposits or investments that were considered to have credit risk.

**Interest Rate Risk**

At September 30, 2013, the Property Appraiser did not hold any investments.

**Custodial Credit Risk**

At September 30, 2013, the Property Appraiser did not hold any deposits or investments that were considered to have custodial risk.

**Concentration of Credit Risk**

At September 30, 2013, 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, 2013, was as follows:

	<b>BEGINNING BALANCE</b>	<b>ADDITIONS</b>	<b>REDUCTIONS</b>	<b>ENDING BALANCE</b>	<b>DUE WITHIN ONE YEAR</b>
<b>Governmental activities:</b>					
Compensated absences	\$ 7,754	\$ 1,888	\$ -	\$ 9,642	\$ -
<b>Total</b>	<b>\$ 7,754</b>	<b>\$ 1,888</b>	<b>\$ -</b>	<b>\$ 9,642</b>	<b>\$ -</b>

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

For those employees hired prior to July 1, 2011, FRS provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year prior to normal retirement. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Prior to July 1, 2011, retirement coverage was employee noncontributory. Effective July 1, 2011 the Florida Legislature mandated all employees contribute 3% to their retirement coverage with immediate vesting of their contributions.

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

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**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:

	<b>10/01/12 Through <u>06/30/13</u></b>	<b>07/01/13 Through <u>09/30/13</u></b>
Regular employees	5.18%	6.95%
Elected county officials	10.23%	33.03%
DROP participants	5.44%	12.84%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2012 through September 30, 2013, the total payroll for the Property Appraiser employees covered by the System was \$283,307. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2013, 2012 and 2011 were \$26,049, \$15,869 and \$29,874 respectively, which equal the required contributions. For the year ended September 30, 2013, retirement contributions represent 9.19% 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, in accordance with the 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, the special-purpose financial statements of the Jefferson County, Florida, Property Appraiser (the "Property Appraiser") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Property Appraiser's basic financial statements and have issued our report thereon dated April 22, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Property Appraiser's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Property Appraiser's internal control. Accordingly, we do not express an opinion on the effectiveness of the Property Appraiser's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described below as findings No. PA08-01 and PA08-02 that we consider to be significant deficiencies.

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

### **Property Appraiser's Response to Findings**

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.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Property Appraiser's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

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April 22, 2014





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

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

## INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

We have audited the accompanying financial statements of the Jefferson County, Florida, Property Appraiser, (the "Property Appraiser"), as of and for the year ended September 30, 2013, and have issued our report thereon dated April 22, 2014.

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 Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, which is dated April 22, 2014, 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 noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., 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.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and the Jefferson County, Florida Property Appraiser and is not intended to be and should not be used by anyone other than these specified parties.

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

April 22, 2014



Jefferson County  
Office Of The Property Appraiser  

---

Angela Gray, CFA Property Appraiser

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

Re: 2012-13 Audit

To Whom It May Concern:

I have received and reviewed the auditor's findings and recommendations provided by your firm for the year ended September 30, 2013. Please find my response to recommendations below:

1) Need for Segregation of Duties PA08-01 – This office has hired an individual with accounting and financial experience. We have implemented new policies of financial controls and segregation of duties. This new procedure allows for 3 and/or 4 persons to divide duties that addresses all areas of concern regarding financial controls utilizing the following seven control standards applicable to the process.

- Appropriate – The transaction is directly related to achieving the operation of the Property Appraiser's Office.
- Valid – The transaction is allowed by policy, law, contractual agreement, and/or professional standards.
- Reasonable – The amount being paid for a product or service or received in payment for a product or service is fair.
- Funded – For payment transactions, sufficient funding exists to pay for the transaction
- Accurately recorded – The transaction amount is consistent with value received, provided, or adjusted for; and is free from accounting coding or arithmetic error.
- 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.
- 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 – This office will continue to utilize Carr, Riggs & Ingram or another firm of the same capabilities to prepare financial statements each year.

Respectfully,

A handwritten signature in blue ink that reads "Angela Gray".

Angela C. Gray, CFA  
Jefferson County Property Appraiser

**Jefferson County, Florida  
Sheriff**

**Special-Purpose Financial Statements**

**September 30, 2013**

**Jefferson County, Florida**  
**Sheriff**  
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**September 30, 2013**

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions 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 the *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special-purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the special-purpose financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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.

### **Opinion**

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 fiduciary fund type of the Sheriff as of September 30, 2013, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Sheriff's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2014 on our consideration of the Sheriff'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* in considering the Sheriff's internal control over financial reporting and compliance.

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

April 29, 2014

## **Special-Purpose Financial Statements**



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

*September 30, 2013*

---

	<b>General Fund</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 221,581
Total assets	\$ 221,581
 <b>Liabilities</b>	
Accounts payable	\$ 221,556
Due to others	25
Total liabilities	221,581
 <b>Fund balance</b>	
Total liabilities and fund balances	-
Total liabilities and fund balances	\$ 221,581

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, 2013*

	<b>General Fund</b>
<b>Revenues</b>	
Grants	\$ 472,323
Total revenues	472,323
<b>Expenditures</b>	
Current:	
Public safety and health - Personal services	2,782,603
Public safety and health - Operating expenses	965,825
Capital outlay	217,191
Total expenditures	3,965,619
Excess (deficiency) of revenues over (under) expenditures	(3,493,296)
<b>Other financing sources (uses)</b>	
Transfers in	3,493,296
Net other financing sources (uses)	3,493,296
<b>Net change in fund balance</b>	-
<b>Fund balance - beginning</b>	-
<b>Fund balance - ending</b>	\$ -

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, 2013*

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental	\$ 283,523	\$ 283,523	\$ 472,323	\$ 188,800
Total revenues	283,523	283,523	472,323	188,800
<b>Expenditures</b>				
Current:				
Public safety and health - Personal services	3,019,458	3,019,458	2,782,603	236,855
Public safety and health - Operating expenses	957,122	957,122	965,825	(8,703)
Capital outlay	92,500	92,500	217,191	(124,691)
Total expenditures	4,069,080	4,069,080	3,965,619	103,461
Excess (deficiency) of revenues over (under) expenditures	(3,785,557)	(3,785,557)	(3,493,296)	292,261
<b>Other financing sources (uses)</b>				
Transfers in	3,785,557	3,785,557	3,493,296	(292,261)
Total other financing sources	3,785,557	3,785,557	3,493,296	(292,261)
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to financial statements.

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

*September 30, 2013*

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	<b>Agency Funds</b>
<b>Assets</b>	
Cash	\$ 46,132
Total assets	\$ 46,132
<b>Liabilities</b>	
Due to others	\$ 46,132
Total liabilities	\$ 46,132

See accompanying notes to financial statements.

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

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

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

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

**Basis of Accounting (Continued)**

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

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

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

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

**Budgetary Requirements**

Florida Statutes, Chapter 30.49 and 129.03(2), 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 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.

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

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

**Capital Assets and Depreciation**

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

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

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

**Accumulated Compensated Absences**

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

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

**Due to Others**

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

**Risk Management and Insurance**

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

- General liability
- Automobiles
- Money and securities coverage

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

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



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

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

**Management Estimates and Assumptions**

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

**Subsequent Events**

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

**NOTE 2 - DEPOSITS AND INVESTMENTS**

At September 30, 2013, the carrying amount of the Sheriff's cash and cash equivalents and restricted cash was \$267,713 and the bank balance was \$365,343. 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, 2013, the Sheriff did not hold any deposits or investments that were considered to have credit risk.

**Interest Rate Risk**

At September 30, 2013, the Sheriff did not hold any investments that were considered to have interest rate risk.

**Custodial Credit Risk**

At September 30, 2013, 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**

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**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**Concentration of Credit Risk**

At September 30, 2013, 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, 2013, was as follows:

	<b>BEGINNING BALANCE</b>	<b>ADDITIONS</b>	<b>REDUCTIONS</b>	<b>ENDING BALANCE</b>	<b>DUE WITHIN ONE YEAR</b>
<b>Governmental activities:</b>					
Compensated absences	\$ 117,144	\$ 34,714	\$ -	\$ 151,858	\$ -
<b>Total</b>	<b>\$ 117,144</b>	<b>\$ 34,714</b>	<b>\$ -</b>	<b>\$ 151,858</b>	<b>\$ -</b>

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

**NOTE 4 - EMPLOYEE PENSION PLAN**

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

**Jefferson County, Florida  
Sheriff**

**Notes to Special-Purpose Financial Statements**

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**NOTE 4 - EMPLOYEE PENSION PLAN (CONTINUED)**

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

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

	<b>10/01/12 Through 06/30/13</b>	<b>07/01/13 Through 9/30/13</b>
Regular employees	5.18%	6.95%
Senior management	6.30%	18.31%
Elected county officials	10.23%	33.03%
Special risk employees	14.90%	19.06%
DROP participants	5.44%	12.84%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2012 through September 30, 2013, the total payroll for the Sheriff employees covered by the System was \$2,069,430. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2013, 2012 and 2011 were \$231,664, \$192,375 and \$306,692 respectively, which equal the required contributions. For the year ended September 30, 2013 retirement contributions represent 11.19% 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, 2013, as well as prior years, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the Sheriff's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined, although the Sheriff expects such amounts, if any, to be immaterial.

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

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**NOTE 6 - LITIGATION AND CONTINGENT LIABILITIES**

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

**NOTE 7 - EXCESS REVENUES**

Pursuant to Section 218.36(2), Florida Statutes, each County Officer shall pay into the county general fund all money in excess of the sum to which he or she is entitled under the provisions of Chapter 145. Excess revenues over expenditures returned to the Board of County Commissioners as required by Florida Statutes are accrued and reported as a transfer out. The Sheriff's general fund ended the current year with excess funds of \$0.

## **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, in accordance with the 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, the special-purpose financial statements of the Jefferson County, Florida, Sheriff (the "Sheriff") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements and have issued our report thereon dated April 29, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Sheriff's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control described below as findings No. S08-01 and S08-02 that we consider to be significant deficiencies.

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

**PRIOR YEAR FINDINGS AND RECOMMENDATIONS:**

**Need for Segregation of Duties S08-01**

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 S08-02**

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*.

To the Honorable David C. Hobbs

Sheriff of Jefferson County, Florida  
Monticello, Florida

### **Sheriff's Response to Findings**

The Sheriff's response to the findings identified in our audit is described in the accompanying letter. The Sheriff's response was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sheriff's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

April 29, 2014



## 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, 2013, and have issued our report thereon dated April 29, 2014.

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 Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which are dated April 29, 2014, 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 noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. 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, 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.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and the Jefferson County, Florida Sheriff and is not intended to be and should not be used by anyone other than these specified parties.

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

April 29, 2014

# 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

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

Re: 2012-2013 Audit Report Findings

Dear Mr. Martin,

This is in reply to our auditor's findings for the year ended September 30, 2013.

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 by my office to make certain no misstatements are made. I also continue to 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, 2013**

**Jefferson County, Florida**  
**Supervisor of Elections**  
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**September 30, 2013**

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions 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 the *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special-purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Supervisor of Elections' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the special-purpose financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

As discussed in Note 1 to the financial statements, the Supervisor of Elections' financial

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

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.

### **Opinion**

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, 2013, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated April 29, 2014 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* in considering the Supervisor of Elections' internal control over financial reporting and compliance.

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

April 29, 2014

## **Special-Purpose Financial Statements**



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

*September 30, 2013*

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	<b>General Fund</b>
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 5,657
<hr/>	
Total assets	\$ 5,657
<hr/>	
<b>Liabilities</b>	
Due to Board of County Commissioners	\$ 3,792
Deferred revenue	1,865
<hr/>	
Total liabilities	5,657
<hr/>	
<b>Fund balance</b>	-
<hr/>	
Total liabilities and fund balance	\$ 5,657
<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, 2013*

	<b>General Fund</b>
<hr/>	
<b>Expenditures</b>	
General government	
Personal services	\$ 130,494
Operating expenses	81,530
<hr/>	
Total expenditures	212,024
<hr/>	
Excess (deficiency) of revenues over (under) expenditures	(212,024)
<hr/>	
<b>Other financing sources (uses)</b>	
Transfers in	215,800
Transfers out	(3,776)
<hr/>	
Net other financing sources (uses)	212,024
<hr/>	
<b>Net change in fund balance</b>	-
<hr/>	
<b>Fund balance - beginning</b>	-
<hr/>	
<b>Fund balance - ending</b>	\$ -
<hr/> <hr/>	

See accompanying notes to financial statements.

**Jefferson County, Florida**  
**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, 2013*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Expenditures</b>				
General government				
Personal services	\$ 129,000	\$ 129,000	\$ 130,494	\$ (1,494)
Operating expenses	86,800	86,800	81,530	5,270
Total expenditures	215,800	215,800	212,024	3,776
Excess (deficiency) of revenues over (under) expenditures	(215,800)	(215,800)	(212,024)	3,776
<b>Other financing sources (uses)</b>				
Transfer in	215,800	215,800	215,800	-
Transfer out	-	-	(3,776)	(3,776)
Net other financing sources (uses)	215,800	215,800	212,024	(3,776)
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying note to financial statements.

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

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

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

**Reporting Entity**

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

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

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

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

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

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

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

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

**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.

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.

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

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

**Budgetary Requirements**

General governmental revenue and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget is prepared by the Supervisor of Elections and adopted by the Board for the general fund.

The Supervisor of Elections' 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.

Budget to actual comparisons are provided in the financial statements for the general fund. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

**Cash and Cash Equivalents**

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

**Capital Assets and Depreciation**

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

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

Furniture, machinery, and equipment	3-30 years
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**Risk Management and Insurance**

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

**Management Estimates and Assumptions**

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

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

**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, 2013, the carrying amount of the Supervisor's cash and cash equivalents and restricted cash was \$5,657 and the bank balance was \$17,199. 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, 2013, the Supervisor did not hold any deposits or investments that were considered to have credit risk.

**INTEREST RATE RISK**

At September 30, 2013, the Supervisor did not hold any investments that were considered to have interest rate risk.

**CUSTODIAL CREDIT RISK**

At September 30, 2013, the Supervisor did not hold any deposits or investments that were considered to have custodial credit risk.

**CONCENTRATION OF CREDIT RISK**

At September 30, 2013, 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 32399-1560, or by accessing their internet site at [www.frs.state.fl.us/frs/public/annual](http://www.frs.state.fl.us/frs/public/annual).

For those employees hired prior to July 1, 2011, FRS provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of credible service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Prior to July 1, 2011, retirement coverage was employee noncontributory. Effective July 1, 2011 the Florida Legislature mandated all employees contribute 3% to their retirement coverage with immediate vesting of their contributions.

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

	<b>10/01/12 Through 06/30/13</b>	<b>07/01/13 Through 09/30/13</b>
Regular employees	5.18%	6.95%
Elected county officials	10.23%	33.03%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 01, 2012 through September 30, 2013, the total payroll for the Supervisor's employees covered by the System was \$108,620. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2013, 2012 and 2011 were \$14,199, \$10,631 and \$16,560 respectively, which were the required contributions. For the year ended September 30, 2013 retirement contributions represent 13.07% of covered payroll.



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

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**NOTE 4 - EXCESS REVENUE**

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

**NOTE 5 - GRANTS**

The Supervisor participates in two state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended September 30, 2013, 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, in accordance with the 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, the special-purpose financial statements of the Jefferson County, Florida, Supervisor of Elections as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Supervisor of Elections' basic financial statements and have issued our report thereon dated April 29, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Supervisor of Elections' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Supervisor of Elections' internal control. Accordingly, we do not express an opinion on the effectiveness of the Supervisor of Election's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described below as findings No. SOE08-01 and SOE08-02 that we consider to be significant deficiencies.

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

## **PRIOR YEAR FINDINGS AND RECOMMENDATIONS:**

### **Need for Segregation of Duties SOE08-01**

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 SOE 08-02**

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

### **Supervisor of Elections' Response to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Supervisor of Elections' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

April 29, 2014

## 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, 2013, and have issued our report thereon dated April 29, 2014.

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 Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, which is dated April 29, 2014, 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 noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., 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.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and the Jefferson County, Florida Supervisor of Elections and is not intended to be and should not be used by anyone other than these specified parties.

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

April 29, 2014



*Marty Bishop*

*Jefferson County  
Supervisor of Elections*

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

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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, 2013.

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, 2013**

**Jefferson County, Florida**  
**Tax Collector**  
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**September 30, 2013**

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of the Jefferson County, Florida, Tax Collector (the "Tax Collector") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Tax Collector's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions 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 the *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special-purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the special-purpose financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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.

### **Opinion**

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 fiduciary fund type of the Tax Collector as of September 30, 2013, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2014 on our consideration of the Tax Collector'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* in considering the Tax Collector's internal control over financial reporting and compliance.

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

May 29, 2014

## **Special-Purpose Financial Statements**

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

*September 30, 2013*

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	<b>General Fund</b>
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 77,569
<hr/>	
Total assets	\$ 77,569
<hr/>	
<b>Liabilities</b>	
Accounts payable	\$ 151,590
Due to Board of County Commissioners	46,051
<hr/>	
Total liabilities	197,641
<hr/>	
<b>Fund balance</b>	(120,072)
<hr/>	
Total liabilities and fund balance	\$ 77,569
<hr/>	

See accompanying notes to financial statements.

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

*For the year ended September 30, 2013*

	<b>General Fund</b>
<hr/>	
<b>Expenditures</b>	
General government	
Personal services	\$ 296,209
Operating expenses	272,992
<hr/>	
Total expenditures	569,201
<hr/>	
Excess (deficiency) of revenues over (under) expenditures	(569,201)
<hr/>	
<b>Other financing sources (uses)</b>	
Transfers in	451,808
Transfers out	(2,679)
<hr/>	
Net other financing sources (uses)	449,129
<hr/>	
<b>Net change in fund balance</b>	(120,072)
<hr/>	
<b>Fund balance - beginning</b>	-
<hr/>	
<b>Fund balance (deficit) - ending</b>	\$ (120,072)
<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, 2013*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Expenditures</b>				
General government				
Personal services	\$ 336,810	\$ 336,810	\$ 296,209	\$ 40,601
Operating expenses	114,998	114,998	272,992	(157,994)
Total expenditures	451,808	451,808	569,201	(117,393)
Excess (deficiency) of revenues over (under) expenditures	(451,808)	(451,808)	(569,201)	(117,393)
<b>Other financing sources (uses)</b>				
Transfers in	451,808	451,808	451,808	-
Transfers out	-	-	(2,679)	(2,679)
Net other financing sources (uses)	451,808	451,808	449,129	(2,679)
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (120,072)</b>	<b>\$ (120,072)</b>

See accompanying notes to financial statements.



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

*September 30, 2013*

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	<b>Agency Funds</b>
<hr/>	
<b>Assets</b>	
Cash	\$ 1,045,601
<hr/>	
Total assets	\$ 1,045,601
<hr/> <hr/>	
<b>Liabilities</b>	
Due to other governments	\$ 1,045,601
<hr/>	
Total liabilities	\$ 1,045,601
<hr/> <hr/>	

See accompanying notes to financial statements

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

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

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

**Reporting Entity**

The Jefferson County Tax Collector's office is an agency of Jefferson County, Florida, which is a political subdivision of the State of Florida. The County was established on January 6, 1827, by the First Session of the Territorial Legislative Council. Jefferson County, Florida is governed by an elected Board of County Commissioners ("Board"), which derives its authority by the County Charter, Florida State Statutes and regulations. In addition to the members of the Board, there are five elected Constitutional Officers: Clerk of Courts, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections. The Constitutional Officers maintain separate accounting records and budgets.

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 Tax Collector's Office.

The Jefferson County, Florida Tax Collector (the "Tax Collector") is a separately elected County official established pursuant to the Constitution of the State of Florida. The Tax Collector'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 Tax Collector'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 Tax Collector 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 Tax Collector.

The Tax Collector operates on a fee and budgetary system. Under the fee system, the officer retains fees, commissions, and other revenue to pay all operating expenditures, including statutory compensation. Under the budgetary system, appropriated funds are received from the Board of County Commissioners and are recorded as other financing sources on the Tax Collector's financial statements and as other financing uses on the Board's financial statements. Any excess of revenue and other financial sources received over expenditures are remitted to the Board of County Commissioners after the end of the fiscal year.

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

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

**Basis of Presentation**

These financial statements have been prepared in conformity with the accounting principles and reporting guidelines established by 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 Tax Collector, 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 Tax Collector. It is used to account for all financial resources, except those required to be accounted for in another fund.

The Tax Collector also reported the following fund type:

**Agency Funds** - The agency funds are used to account for assets held by the Tax Collector 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. The Tax Collector reports the Boats and Licenses, Tag, Tax, and Driver's License Transactions as agency funds.

**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. All governmental funds are accounted for on a spending or "financial flow" 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 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 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**  
**Tax Collector**  
**Notes to Special-Purpose Financial Statements**

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

**Basis of Accounting - 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 Tax Collector's policy to use restricted resources first, then unrestricted resources as needed.

**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.

**Capital Assets and Depreciation**

Tangible personal property is recorded as expenditures in the general fund at the time an asset is acquired. Assets acquired by the Tax Collector are capitalized at cost in the capital asset accounts of the County. The Tax Collector's assets are reported in the Statement of Net Position in the County's financial statements. The Tax Collector 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

**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 position 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.

**Budgetary Requirements**

Florida Statutes, Chapter 218.35 and 195.087, details the preparation, adoption and administration of the Tax Collectors' annual budget. The Tax Collector establishes an annual balanced budget for her 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 Department of Revenue and the Board of County Commissioners. The budget is prepared on a basis consistent with generally accepted accounting principles (GAAP) in the United States of America.

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

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

**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.

**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.

**Subsequent Events**

Subsequent events have been evaluated through the date of the Independent Auditors' Report.

**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 7.

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

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**NOTE 2 – DEPOSITS AND INVESTMENTS**

At September 30, 2013, the carrying amount of the Tax Collector's cash and cash equivalents was \$1,123,170 and the bank balance was \$517,601. 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.

**Credit Risk**

At September 30, 2013, the Tax Collector did not hold any deposits or investments that were considered to have credit risk.

**Interest Rate Risk**

At September 30, 2013, the Tax Collector did not hold any investments that were considered to have interest rate risk.

**Custodial Credit Risk**

At September 30, 2013, the Tax Collector did not hold any deposits or investments that were considered to have custodial risk.

**Concentration of Credit Risk**

At September 30, 2013, the Tax Collector did not hold any investments that were considered to have concentration of credit risk.

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

**NOTE 3 – LONG-TERM LIABILITIES**

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

Long-term liability activity for the year ended September 30, 2013, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
<b>Governmental activities:</b>					
Compensated absences	\$ 8,987	\$ -	\$ 1,879	\$ 7,108	\$ -
Total	\$ 8,987	\$ -	\$ 1,879	\$ 7,108	\$ -

Accrued compensated absences represent the personal leave balances at September 30, 2013. 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.

**NOTE 4 – EMPLOYEE PENSION PLAN**

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

For those employees hired prior to July 1, 2011, FRS provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement after six years of service and attaining age 62, or 30 years of service regardless of age. Early retirement may be taken any time after completing six years of service; however, there is a 5% benefit reduction for each year prior to normal retirement. For those employees hired on or after July 1, 2011, the System provides for vesting of benefits after eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight years of service with a 5% reduction of benefits for each year prior to normal retirement. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Prior to July 1, 2011, retirement coverage was employee noncontributory. Effective July 1, 2011 the Florida Legislature mandated all employees contribute 3% to their retirement coverage with immediate vesting of their contributions.

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

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**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:

	<b>10/01/12 Through <u>06/30/13</u></b>	<b>07/01/13 Through <u>09/30/13</u></b>
Regular employees	5.18%	6.95%
Elected county officials' class	10.23%	33.03%
DROP participants	5.44%	12.84%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 01, 2012 through September 30, 2013, the total payroll for the Tax Collector's employees covered by the System was \$216,673. The retirement contributions for all employees covered by the FRS for the years ended September 2013, 2012 and 2011 were \$21,649, \$16,766 and \$28,994 which were the required contributions. For the year ended September 30, 2013 retirement contributions represent 9.99% of covered payroll.

**NOTE 5 – EXCESS REVENUE**

Pursuant to Section 218.36(2), Florida Statutes, any excess revenues over expenditures determined as of the fiscal year end, "...is returned to each governmental unit in the same proportion as the fees paid by the governmental unit bear to the total fee income of the Tax Collector." For the year ending September 30, 2013, excess revenues over expenditures of \$2,679 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.



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

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**NOTE 7 – GOVERNMENTAL FUND BALANCE**

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, 2013, the Tax Collector's fund balance was a negative \$120,072 classified as unassigned. This was a result of unanticipated legal fees incurred during fiscal year 2013. The Florida Department of Revenue amended the Tax Collector's 2013/2014 budget to alleviate this negative fund balance.

**NOTE 8 – BUDGETARY INFORMATION**

The Tax Collector had expenditures that were in excess of her budget in the following fund:

<b>Fund</b>	<b>Amount</b>
General Fund	\$ (117,393)

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

## **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, in accordance with the 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, the special-purpose financial statements of the Jefferson County, Florida, Tax Collector (the "Tax Collector") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Tax Collector's basic financial statements and have issued our report thereon dated May 29, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Tax Collector's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Tax Collector's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tax Collector's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described below as finding No. TC13-01, TC06-01, TC08-01 and TC08-02 that we consider to be significant deficiencies.

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

## **CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

### **Budget Over Expenditure and Deficit Fund Balance TC13-01**

COMMENT: The Tax Collector had a deficit fund balance at September 30, 2013. The budget over expenditure and related deficit were the result of litigation in 2013. The litigation was complete at September 30, 2013; however, some expenditures were not paid until fiscal year 2014. Accrual based accounting states that revenue and expenditures are to be recorded in the period earned or incurred. The Tax Collector communicated with the Board of County Commission about a budget amendment to cover these legal fees. The Department of Revenue amended the Tax Collector's 2013 / 2014 budget in December 2013 for the excess expenditures.

RECOMMENDATION: We recommend the Tax Collector monitor the budget vs. actual expenditures to insure that budget amendments and additional funding are properly granted if necessary.

## **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 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.

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

Monticello, Florida

## **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.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Tax Collector'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 management of the Tax Collector in a separate letter dated May 29, 2014.

## **Tax Collector's Response to Findings**

The Tax Collector's response to the findings identified in our audit is described in the accompanying letter. The Tax Collector's response was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Tax Collector's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

May 29, 2014

## 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, 2013, and have issued our report thereon dated May 29, 2014.

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 Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated May 29, 2014. 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 noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we noted the following:

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, 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.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and the Jefferson County, Florida, Tax Collector and is not intended to be and should not be used by anyone other than these specified parties.

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

May 29, 2014

**YOUNG VAN ASSENDERP, P.A.**  
**ATTORNEYS AND COUNSELORS AT LAW**

**215 South Monroe Street  
Suite 802  
Tallahassee, Florida 32301**

**Post Office Box 1833  
Tallahassee, FL 32302-1833**

**Telephone (850) 222-7206  
Telecopier (850) 561-6834**

**June 18, 2014**

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

**To Whom It May Concern:**

**My firm represents Lois H. Hunter, in her capacity as the State constitution's Tax Collector in and for the Jefferson county political subdivision (herein-after "Tax Collector"). This is in reply to the audit report prepared by Carr Riggs and Ingram for auditing services for the Tax Collector's office for the fiscal year ending September 30, 2013.**

**Please note that the cost/benefit analysis proves too costly for my client's office to hire additional personnel to prepare financial statements on its own. As a result, my client has contracted with an independent contractor CPA to assist in providing these services.**

**As it pertains to the finding that my client's office exceeded its budget, my client's office understands the technical nature of this finding but, for reasons which will be set forth more fully below, the audit report does not set forth all of the pertinent facts surrounding my client's efforts to properly amend the Tax Collector's 2013 budget through the proper channels.**

**This matter began when a terminated employee sued my client on January of 2013. The former employee's claim of wrongful termination proved without merit and the jury ultimately found in my client's favor. The terminated employee was let go for many reasons, the last of which was a misappropriation \$612.47 from her end of**



day cash and check collections. After 9 months of litigation in federal court, the jury found unanimously that my client was within her rights to terminate the employee. Just recently, the former employee was required by the State Attorney to refund my client's office the amount of \$612,477. Litigation is expensive and costly. My client's office pays its outstanding obligations in a timely manner.

My client was well aware of the ongoing nature of the litigation and therefore made several attempts to amend the Tax Collector's budget. First, my client sought an initial budget amendment from the Board of County Commissioners (the "Board") during the 2013 fiscal year. After my client's initial request, the Board discussed at one of its meetings setting aside \$100,000 in a fund to cover legal expenses. However, unbeknownst to my client at that time, the Board never approved this amount through a formal adopted motion.

Upon learning that the Board never approved this additional funding, my client took additional steps to ensure that the budget was amended by the Board. As evidenced in the attached exhibits "A," "B," and "C," on more than one occasion, my client again requested approval and direction from the Board as to how to pay her outstanding legal obligation. In the my client's last written request to the Board, she provided that if the Board did not direct otherwise, she would move forward and seek a budget amendment through the Department of Revenue in order to pay the outstanding legal obligation out of unspent revenues generated by my client's office. The Board did not direct otherwise so my client satisfied the obligation as set forth in the letter to the Board after consultation with the Department.

At each step of the way, my client consulted directly with the Department of Revenue. Please note that the Department now approves my client's budget pursuant to Florida law. The Department took the necessary steps in order for the Tax Collector to be able to honor its outstanding obligations.

As a result of my client's attempts to lawfully amend the budget to satisfy the outstanding legal obligations, my client should not now be subject to a finding that she did not get her budget amended properly when the Board did not respond to my client's final letter, thereby authorizing my client to work with the Department to amend the budget. Again, my client took every step feasible to get her budget amended and must therefore not be held responsible due to the Board not taking the formal steps necessary to properly amend the Tax Collector's 2013 budget. In any event, the budget was amended by the Department of Revenue so that this matter was ultimately and timely resolved.

My client 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,

A handwritten signature in blue ink, appearing to read "Timothy R. Qualls", written in a cursive style.

Timothy R. Qualls

cc: Lois H. Hunter

EXHIBIT

A



*Lois H. Hunter, C.F.C.*

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

Phone (850) 842-0147  
Fax (850) 842-0149

October 9, 2013

Jefferson County Board of County Commissioners  
1 Courthouse Circle  
Monticello, Florida 32344

Dear County Commissioners,

I'm requesting \$75,837.31 to pay attorney's fees incurred in a recent law suit filed by Mayor Idella Scott against the Jefferson County Tax Office. As you all know the case was settled through a court of law in which I prevailed in my actions to terminate Ms. Scott.

Your cooperation in this matter would be greatly appreciated.

Thanks



Lois Howell-Hunter  
Jefferson County Tax Collector

EXHIBIT

B



*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

October 30, 2013

The Honorable Board of County Commissioners  
Jefferson County Courthouse  
1 Courthouse Circle - Room 10  
Monticello, Florida 32344

Gentlemen:

This letter is in regards to the fees collected in the Months of July, August and September 2013.

Fees collected in the Months of July, August, and September 2013 in the amount of \$99,503.07.

Below is the list of options for payment to the Board of County Commissioners for these fees collected:

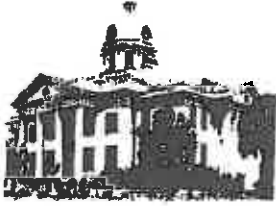
- 1). Payment for attorney fees on the recent case can be deducted from these fees and the remainder balance issued.
- 2). Payment can be submitted to the Department of Revenue for an amended budget and payment will be issued from D.O.R.

Please inform me of the option that you select for these fees.

Sincerely,

A handwritten signature in black ink, appearing to read "Lois H. Hunter", is written over the typed name.

Lois H. Hunter  
Tax Collector



*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

November 19, 2013

The Honorable Board of County Commissioners  
Jefferson County Courthouse  
1 Courthouse Circle - Room 10  
Monticello, Florida 32344

Gentlemen:

This letter is to follow-up with the previous letter that was sent to you on October 30, 2013 regarding the fees collected in the Months of July, August and September 2013 in the amount of **\$99,503.07.**

A response is needed by your office no later than Friday, November 22, 2013, or an amended budget will have to be sent to **Department of Revenue.**

Please inform me of the option for the Attorney's fees, which you have selected.

Sincerely,

A handwritten signature in cursive script that reads "Lois H. Hunter".  
Lois H. Hunter  
Tax Collector