

Jefferson County, Florida

Financial Statements

September 30, 2014



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**Jefferson County, Florida
FINANCIAL STATEMENTS
September 30, 2014**

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Carr, Riggs & Ingram, LLC**

Jefferson County, Florida
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SPECIAL-PURPOSE FINANCIAL STATEMENTS

Clerk of the Circuit Court

Property Appraiser

Sheriff

Supervisor of Elections

Tax Collector



REPORT





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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 (the "County") as of and for the year ended September 30, 2014, 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.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information, and fiduciary fund type of Jefferson County, Florida as of September 30, 2014, and the respective changes in financial position, 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.

Change in Accounting Principle

As discussed in Note 21 to the financial statements, the County implemented the provisions of GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4.1 to 4.7 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 State Financial Assistance Projects is presented for purposes of additional analysis as required by 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 Expenditures of 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

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

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 29, 2015, 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.

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

June 29, 2015



**MANAGEMENT'S DISCUSSION AND
ANALYSIS**

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, 2014. It should be read in conjunction with the County's financial statements, which begin on page 5.

FINANCIAL HIGHLIGHTS

- The County's net position increased as a result of this year's operations. Net position of our governmental activities increased by \$172,743, or 1.17%. The County does not have any business-type activities.
- During the year, the County generated tax and other revenues of \$172,743 more than the \$16.8 million of its primary governmental program expenses. For comparison, last year revenues exceeded expenses by \$249,004.
- The total cost of the County's programs increased by \$100,394 from the preceding year (an increase of 0.6%).
- The millage rate remained at 8.3114 mills.
- There has been significant activity in FY 13-14 in 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. During FY 13-14, American Hunter was scheduled to construct a warehouse for its distribution company. When the project failed to come to fruition, the Board approved a lease/purchase with Glenn bishop Enterprises (GBE) to build a facility to house several businesses. GBE will make lease payments equal to those initially scheduled by American Hunter. Also, Family Dollar opened a new store in Monticello during the current fiscal year.
- In November 2012, the Board approved a Series 2012 Gas Tax Revenue Bond in the amount of \$4,615,000. The approved bond proceeds were to 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 5th and 6th cent gasoline taxes. Currently, the work program is 98% complete. Also, the County ended up being able to work on approximately 45 miles of County-maintained roads.

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 5 and 6) 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 7. 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 grants generally finance most of these activities.

Reporting on the County's Most Significant Funds

The fund financial statements begin on page 7 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 \$172,743 from a year ago. Our analysis is detailed below regarding Table 1, net position and Table 2, changes in net position.

Table 1
Net Assets

	Governmental Activities	
	09/30/14	09/30/13
Cash and other assets	\$ 8,979,782	\$ 12,148,627
Capital assets - net	14,766,248	11,540,377
Total assets	23,746,030	23,689,004
Long-term debt outstanding	7,721,273	7,701,923
Other liabilities	1,236,793	1,371,860
Total liabilities	8,958,066	9,073,783
Net assets:		
Invested in capital assets, net of debt	7,558,745	4,912,885
Restricted	5,379,527	8,586,988
Unrestricted	1,849,692	1,115,348
Total net assets	\$ 14,787,964	\$ 14,615,221

Jefferson County, Florida
Management's Discussion and Analysis

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, increased by \$734,344 (or 59%) over the prior year. Restricted net position decreased by \$3,207,461 (or 37%) from the prior year.

Table 2
Changes in Net Assets

	Governmental Activities	
	09/30/14	09/30/13
Revenues		
Program revenues:		
Charges for services	\$ 2,152,475	\$ 2,077,341
Federal and state grants	2,328,922	1,913,771
General revenues:		
Property and other taxes	9,878,282	9,265,339
Intergovernmental revenues	-	-
Other general revenues	2,617,116	3,696,211
Total revenues	16,976,795	16,952,662
Program expenses:		
General government	4,266,284	4,325,162
Transportation	2,959,744	2,149,067
Public safety and judiciary	6,854,022	7,334,090
Health and sanitation	1,518,165	1,388,237
Economic development	331,144	722,689
Culture, recreation and agriculture	719,503	690,161
Interest on long-term debt	155,190	94,252
Total program expenses	16,804,052	16,703,658
Increase (decrease) in net assets	\$ 172,743	\$ 249,004

The County's total revenue increased by 0.14%, or \$24,133 during the year and total expenses increased by 0.6%, or \$100,394. 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 7) reported a *combined* fund balance of \$8.3 million, which is a decrease of \$2,444,143 over the prior year. Included in this year's total change in fund balance is an increase of \$918,720 in the County's general fund balance. The general fund had an excess of expenditures over revenues of \$261,705, debt proceeds and net transfers from other funds of \$1,180,425 resulting in the increase in fund balance noted above. In addition, these other changes in fund balances should be noted:

- The transportation fund incurred a deficit of expenditures over revenues of \$718,690 and a net other financing sources of \$453,555 resulting in a decrease in fund balance of \$265,135.
- The capital projects fund incurred a decrease in fund balance of \$2,121,120.
- The fines and forfeitures fund incurred an excess of revenues over expenditures of \$1,197,944 and a net other financing uses of \$955,668 resulting in an increase in fund balance of \$242,276.
- The Landfill fund incurred a deficit of expenditures over revenues of \$319,514 and a net other financing uses of \$10,992 resulting in a decrease in fund balance of \$330,506.
- The debt service fund incurred a deficit of expenditures over revenues of \$2,048,756 and net other financing sources of \$2,175,524, resulting in an increase in fund balance of \$126,768.

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 \$14.766 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 \$3,225,871 includes capital additions of \$4,403,692, disposals of (\$908,512) and depreciation of (\$1,177,821). Table 3 below details the composition of these assets.

Jefferson County, Florida
Management's Discussion and Analysis

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

	Governmental Activities	
	09/30/14	09/30/13
Land	\$ 1,681,922	\$ 1,681,922
Buildings & Improvements	4,574,832	4,757,171
Equipment	2,562,330	2,269,804
Infrastructure	2,586,676	17,938
Construction in progress	3,360,488	2,813,542
Totals	\$ 14,766,248	\$ 11,540,377

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 \$1,085,642, notes payable of \$1,691,861 and revenue bonds of \$4,430,000 outstanding at the end of the 2014 fiscal year, an increase of \$567,269 as shown in Table 4.

Table 4
Outstanding Debt at Year-end

	Governmental Activities	
	09/30/14	09/30/13
Installment obligations	\$ 1,085,642	\$ 454,492
Notes payable	1,691,861	-
Revenue and gas tax bonds	4,430,000	6,173,000
Totals	\$ 7,207,503	\$ 6,627,492

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 note payable is dated February 3, 2014 and bears interest at 1.84%. 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.



Jefferson County, Florida Management's Discussion and Analysis


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 2015 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, 2014

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 6,540,369
Restricted cash and cash equivalents	893,041
Accounts receivable	264,507
Internal balances - due from agency funds	129,391
Due from other governmental units	1,057,230
Inventory	95,244
Capital assets, net	
Nondepreciable capital assets	5,042,410
Depreciable capital assets, net	9,723,838
Total assets	23,746,030
Liabilities	
Accounts payable and accrued expenses	291,330
Due to other agency	9,073
Deferred revenue	309,847
Accrued interest payable	36,908
Long-term liabilities	
Portion due or payable within one year	
Capital lease obligations	101,765
Public improvement revenue bonds payable	190,000
Notes payable	245,604
Landfill closure and post-closure costs	52,266
Portion due or payable after one year	
Capital lease obligations	983,877
Public improvement revenue bonds payable	4,240,000
Notes payable	1,446,257
Compensated absences	411,547
Other post-employment benefit obligation	326,000
Landfill closure and post-closure costs	313,592
Total liabilities	8,958,066
Net position	
Invested in capital assets, net of related debt	7,558,745
Restricted	5,379,527
Unrestricted	1,849,692
Total net position	\$ 14,787,964

See accompanying notes to financial statements

Jefferson County, Florida Statement of Activities

For the year ended September 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges	Operating	Capital	Primary Government	
		for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Total
Primary government						
Governmental activities						
General government	\$ 3,612,611	\$ 1,410,968	\$ 31,945	\$ -	\$ (2,169,698)	\$ (2,169,698)
Public safety	5,710,550	683,160	369,237	181,281	(4,476,872)	(4,476,872)
Fire safety	637,177	-	-	-	(637,177)	(637,177)
Physical environment	341,154	-	503,775	-	162,621	162,621
Health and sanitation	1,518,165	58,347	27,305	-	(1,432,513)	(1,432,513)
Transportation	2,959,744	-	952,201	-	(2,007,543)	(2,007,543)
Economic development	331,144	-	38,123	-	(293,021)	(293,021)
Human services	312,519	-	-	-	(312,519)	(312,519)
Culture and recreation	487,927	-	225,055	-	(262,872)	(262,872)
Agriculture	231,576	-	-	-	(231,576)	(231,576)
Court related	506,295	-	-	-	(506,295)	(506,295)
Interest on long-term debt	155,190	-	-	-	(155,190)	(155,190)
Total primary government	\$ 16,804,052	\$ 2,152,475	\$ 2,147,641	\$ 181,281	(12,322,655)	(12,322,655)
General revenues						
Taxes						
Property taxes						
					4,344,329	4,344,329
Local option taxes						
					1,484,941	1,484,941
Sales tax, other taxes and shared revenue						
					4,049,012	4,049,012
Investment earnings						
					22,748	22,748
Miscellaneous						
					2,594,368	2,594,368
Total general revenues					12,495,398	12,495,398
Change in net position					172,743	172,743
Net position, beginning as previously reported					14,754,977	14,754,977
Change in accounting principle					(139,756)	(139,756)
Net position, beginning as restated					14,615,221	14,615,221
Net position, ending					\$ 14,787,964	\$ 14,787,964

See accompanying notes to financial statements

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

September 30, 2014

	General Fund	Transportation	Capital Projects	Fines and Forfeitures	Landfill	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets								
Cash and cash equivalents	\$ 4,648,974	\$ 471,394	\$ -	\$ 698,019	\$ -	\$ -	\$ 612	\$ 5,818,999
Restricted cash and cash equivalents	316,947	-	576,094	-	-	-	721,370	1,614,411
Accounts receivable	264,534	-	-	-	-	-	-	264,534
Due from other funds	105,545,136	2,837,036	-	47,572,233	23,328,466	4,355,033	11,879,362	195,517,266
Due from agency funds	129,391	-	-	-	-	-	-	129,391
Due from other governmental units	817,259	230,016	-	21,307	11,147	-	13,414	1,093,143
Inventory	-	95,244	-	-	-	-	-	95,244
Total assets	\$ 111,722,241	\$ 3,633,690	\$ 576,094	\$ 48,291,559	\$ 23,339,613	\$ 4,355,033	\$ 12,614,758	\$ 204,532,988
Liabilities								
Accounts payable and accrued expenses	\$ 202,779	\$ 17,098	\$ -	\$ 27	\$ 35,711	\$ -	\$ 35,742	\$ 291,357
Interest payable	-	-	-	-	-	36,908	-	36,908
Due to other funds	108,102,989	3,304,468	-	46,602,072	22,463,663	4,291,746	10,752,328	195,517,266
Due to other governmental units	35,913	-	-	-	-	-	-	35,913
Due to other agency	9,073	-	-	-	-	-	-	9,073
Deferred revenue	1,868	-	-	-	-	-	307,979	309,847
Total liabilities	108,352,622	3,321,566	-	46,602,099	22,499,374	4,328,654	11,096,049	196,200,364
Fund balances								
Nonspendable	-	95,244	-	-	-	-	-	95,244
Restricted	316,947	216,880	576,094	1,689,460	840,239	-	1,739,907	5,379,527
Unassigned	3,052,672	-	-	-	-	26,379	(221,198)	2,857,853
Total fund balances	3,369,619	312,124	576,094	1,689,460	840,239	26,379	1,518,709	8,332,624
Total liabilities and fund balances	\$ 111,722,241	\$ 3,633,690	\$ 576,094	\$ 48,291,559	\$ 23,339,613	\$ 4,355,033	\$ 12,614,758	\$ 204,532,988

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, 2014

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

Total fund balances – governmental funds	\$	8,332,624
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the governmental funds.		14,766,248
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 9		(8,310,908)
<hr/>		
Net position of governmental activities	\$	14,787,964
<hr/>		

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, 2014

	General Fund	Transportation	Capital Projects	Fines and Forfeitures
Revenues				
Taxes	\$ 4,227,469	\$ 1,781,069	\$ -	\$ 916,046
Licenses and permits	148,902	-	-	-
Intergovernmental	2,786,719	2	-	-
Grants	1,636,277	-	-	221,270
Charges for services	1,410,968	-	-	10,555
Fines and forfeitures	334,515	-	-	189,188
Investment earnings	18,560	290	2,930	713
Other fees and miscellaneous revenues	662,529	23,825	-	-
Total revenues	11,225,939	1,805,186	2,930	1,337,772
Expenditures				
Current:				
General government	3,095,965	125,955	-	-
Public health and safety	5,167,947	-	-	125,346
Fire safety	-	-	-	-
Physical environment	92,704	-	-	-
Health and sanitation	-	-	-	-
Transportation	1,180,152	1,638,162	2,035	-
Economic development	22,037	-	-	-
Human services	312,519	-	-	-
Culture and recreation	467,544	-	-	-
Agriculture	231,576	-	-	-
Court related	506,295	-	-	-
Capital outlay	404,277	759,759	2,122,015	14,482
Debt service				
Principal	6,577	-	-	-
Interest and other charges	51	-	-	-
Total expenditures	11,487,644	2,523,876	2,124,050	139,828
Excess (deficiency) of revenues over (under) expenditures	(261,705)	(718,690)	(2,121,120)	1,197,944
Other financing sources (uses)				
Transfers in	4,060,370	-	-	2,635,124
Transfers out	(2,899,264)	(293,875)	-	(3,773,283)
Debt proceeds	19,319	747,430	-	182,491
Net other financing sources (uses)	1,180,425	453,555	-	(955,668)
Net changes in fund balances	918,720	(265,135)	(2,121,120)	242,276
Fund balances - beginning	2,450,899	577,259	2,697,214	1,447,184
Fund balances - ending	\$ 3,369,619	\$ 312,124	\$ 576,094	\$ 1,689,460

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, 2014

	Landfill	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 6,924,584
Licenses and permits	-	-	-	148,902
Intergovernmental	-	-	166,977	2,953,698
Grants	147,967	-	323,408	2,328,922
Charges for services	58,347	-	-	1,479,870
Fines and forfeitures	-	-	-	523,703
Investment earnings	208	-	47	22,748
Other fees and miscellaneous revenues	1,297,932	-	610,082	2,594,368
Total revenues	1,504,454	-	1,100,514	16,976,795
Expenditures				
Current:				
General government	-	29,736	-	3,251,656
Public health and safety	-	-	49,838	5,343,131
Fire safety	-	-	637,177	637,177
Physical environment	-	-	-	92,704
Health and sanitation	1,564,252	-	-	1,564,252
Transportation	-	-	-	2,820,349
Economic development	-	-	309,107	331,144
Human services	-	-	-	312,519
Culture and recreation	-	-	-	467,544
Agriculture	-	-	-	231,576
Court related	-	-	-	506,295
Capital outlay	259,716	-	843,443	4,403,692
Debt service	-	-	-	-
Principal	-	1,863,881	-	1,870,458
Interest and other charges	-	155,139	-	155,190
Total expenditures	1,823,968	2,048,756	1,839,565	21,987,687
Excess (deficiency) of revenues over (under) expenditures	(319,514)	(2,048,756)	(739,051)	(5,010,892)
Other financing sources (uses)				
Transfers in	-	558,015	-	7,253,509
Transfers out	(10,992)	-	(276,095)	(7,253,509)
Debt proceeds	-	1,617,509	-	2,566,749
Net other financing sources (uses)	(10,992)	2,175,524	(276,095)	2,566,749
Net changes in fund balances	(330,506)	126,768	(1,015,146)	(2,444,143)
Fund balances - beginning	1,170,745	(100,389)	2,533,855	10,776,767
Fund balances - ending	\$ 840,239	\$ 26,379	\$ 1,518,709	\$ 8,332,624

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, 2014

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

Net change in fund balances - total governmental funds	\$ (2,444,143)
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of net position.	4,403,692
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.	(1,177,821)
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.	1,986,738
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.	(2,566,749)
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	46,087
Compensated absences	(9,061)
	\$ 172,743

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, 2014

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	\$ 5,924,755	\$ 5,924,755	\$ 4,227,469	\$ (1,697,286)
Licenses and permits	157,000	157,000	148,902	(8,098)
Intergovernmental	3,074,795	3,074,795	2,786,719	(288,076)
Grants	1,526,945	1,526,945	1,636,277	109,332
Charges for services	1,472,545	1,472,545	1,410,968	(61,577)
Fines and forfeitures	405,451	405,451	334,515	(70,936)
Investment earnings	-	-	18,560	18,560
Other fees and miscellaneous revenues	81,000	103,797	662,529	558,732
Less 5% of estimated revenues	(571,792)	(571,792)	-	571,792
Total revenues	12,070,699	12,093,496	11,225,939	(867,557)
Expenditures				
Current:				
General government	4,392,367	4,410,191	3,095,965	1,314,226
Public health and safety	5,111,132	5,101,474	5,167,947	(66,473)
Physical environment	329,542	329,542	92,704	236,838
Transportation	3,283,557	3,283,557	1,180,152	2,103,405
Economic environment	23,850	23,850	22,037	1,813
Human services	389,719	389,719	312,519	77,200
Culture and recreation	452,462	452,462	467,544	(15,082)
Agriculture	-	-	231,576	(231,576)
Court related	563,809	563,809	506,295	57,514
Capital outlay	108,200	130,997	404,277	(273,280)
Debt service	-	-	6,628	(6,628)
Reserve for contingencies	200,000	200,000	-	200,000
Total expenditures	14,854,638	14,885,601	11,487,644	3,397,957
Excess (deficiency) of revenues over (under) expenditures	(2,783,939)	(2,792,105)	(261,705)	2,530,400
Other financing sources (uses)				
Transfers in	4,052,941	4,043,283	4,060,370	17,087
Transfers out	(1,889,488)	(1,871,664)	(2,899,264)	(1,027,600)
Debt proceeds	-	-	19,319	19,319
Net other financing sources (uses)	2,163,453	2,171,619	1,180,425	(991,194)
Net change in fund balance	(620,486)	(620,486)	918,720	1,539,206
Fund balance - beginning	2,450,899	2,450,899	2,450,899	-
Fund balance - ending	\$ 1,830,413	\$ 1,830,413	\$ 3,369,619	\$ 1,539,206

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, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	\$ 1,812,208	\$ 1,812,208	\$ 1,781,069	\$ (31,139)
Intergovernmental	-	-	2	2
Investment earnings	-	-	290	290
Other fees and miscellaneous revenues	244,704	244,704	23,825	(220,879)
Total revenues	2,056,912	2,056,912	1,805,186	(251,726)
Expenditures				
Current:				
General government	-	-	125,955	(125,955)
Transportation	1,711,187	1,711,187	1,638,162	73,025
Capital outlay	50,000	797,430	759,759	37,671
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Reserve for contingencies	-	-	-	-
Total expenditures	1,761,187	2,508,617	2,523,876	(15,259)
Excess (deficiency) of revenues over (unde	295,725	(451,705)	(718,690)	(266,985)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(295,725)	(295,725)	(293,875)	1,850
Debt proceeds	-	747,430	747,430	-
Net other financing sources (uses)	(295,725)	451,705	453,555	1,850
Net change in fund balance	-	-	(265,135)	(265,135)
Fund balance - beginning	577,259	577,259	577,259	-
Fund balance - ending	\$ 577,259	\$ 577,259	\$ 312,124	\$ (265,135)

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, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Investment earnings	\$ -	\$ -	\$ 2,930	\$ 2,930
Total revenues	-	-	2,930	2,930
Expenditures				
Current:				
Transportation	-	-	2,035	(2,035)
Capital outlay	-	2,000,000	2,122,015	(122,015)
Total expenditures	-	2,000,000	2,124,050	(124,050)
Excess (deficiency) of revenues over (under) expenditures	-	(2,000,000)	(2,121,120)	(121,120)
Net change in fund balance	-	(2,000,000)	(2,121,120)	(121,120)
Fund balance - beginning	2,697,214	2,697,214	2,697,214	-
Fund balance - ending	\$ 2,697,214	\$ 697,214	\$ 576,094	\$ (121,120)

See accompanying notes to financial statements

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

For the year ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	\$ 910,500	\$ 910,500	\$ 916,046	\$ 5,546
Grants	219,200	219,200	221,270	2,070
Charges for services	19,500	19,500	10,555	(8,945)
Fines and forfeitures	186,464	186,464	189,188	2,724
Investment earnings	425	425	713	288
Total revenues	1,336,089	1,336,089	1,337,772	1,683
Expenditures				
Current:				
Public health and safety	402,441	402,441	125,346	277,095
Capital outlay	-	-	14,482	(14,482)
Total expenditures	402,441	402,441	139,828	262,613
Excess (deficiency) of revenues over (under) expenditures	933,648	933,648	1,197,944	264,296
Other financing sources (uses)				
Transfers in	2,635,124	2,635,124	2,635,124	-
Transfers out	(3,568,772)	(3,568,772)	(3,773,283)	(204,511)
Debt proceeds	-	-	182,491	182,491
Net other financing sources (uses)	(933,648)	(933,648)	(955,668)	(22,020)
Net changes in fund balances	-	-	242,276	242,276
Fund balances - beginning	1,447,184	1,447,184	1,447,184	-
Fund balances - ending	\$ 1,447,184	\$ 1,447,184	\$ 1,689,460	\$ 242,276

See accompanying notes to financial statements

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

For the year ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Grants	\$ 162,250	\$ 162,250	\$ 147,967	\$ (14,283)
Charges for services	73,121	73,121	58,347	(14,774)
Investment earnings	250	250	208	(42)
Other fees and miscellaneous revenues	1,364,000	1,364,000	1,297,932	(66,068)
Total revenues	1,599,621	1,599,621	1,504,454	(95,167)
Expenditures				
Current:				
Health and sanitation	1,829,947	1,829,947	1,564,252	265,695
Capital outlay	291,913	291,913	259,716	32,197
Total expenditures	2,121,860	2,121,860	1,823,968	297,892
Excess (deficiency) of revenues over (under) expenditures	(522,239)	(522,239)	(319,514)	202,725
Other financing sources (uses)				
Transfers out	-	-	(10,992)	(10,992)
Net other financing sources (uses)	-	-	(10,992)	(10,992)
Net changes in fund balances	(522,239)	(522,239)	(330,506)	191,733
Fund balances - beginning	1,170,745	1,170,745	1,170,745	-
Fund balances - ending	\$ 648,506	\$ 648,506	\$ 840,239	\$ 191,733

See accompanying notes to financial statements

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

For the year ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Expenditures				
Current:				
General government	\$ -	\$ -	\$ 29,736	\$ (29,736)
Debt service				
Principal	379,000	1,996,509	1,863,881	132,628
Interest and other charges	180,835	180,835	155,139	25,696
Total expenditures	559,835	2,177,344	2,048,756	128,588
Excess (deficiency) of revenues over (under) expenditures	(559,835)	(2,177,344)	(2,048,756)	128,588
Other financing sources (uses)				
Transfers in	559,835	559,835	558,015	(1,820)
Debt proceeds	-	1,617,509	1,617,509	-
Net other financing sources (uses)	559,835	2,177,344	2,175,524	(1,820)
Net changes in fund balances	-	-	126,768	126,768
Fund balances - beginning	(100,389)	(100,389)	(100,389)	-
Fund balances - ending	\$ (100,389)	\$ (100,389)	\$ 26,379	\$ 126,768

See accompanying notes to financial statements

Jefferson County, Florida
Statement of Fiduciary Net Position
Agency Funds

September 30, 2014

	Agency Funds
Assets	
Cash and cash equivalents	\$ 1,253,489
Total assets	\$ 1,253,489
Liabilities	
Due to other governments	\$ 843,565
Due to other funds	129,391
Due to others	280,533
Total liabilities	\$ 1,253,489

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.

Fines and Forfeitures – the fines and forfeitures fund accounts for the fines and forfeitures collected and remitted by the Clerk of the Courts. In addition, this fund accounts for grants and other funds collected for the purpose of law enforcement and court costs.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Landfill Fund – the landfill fund is a special revenue fund used to account for revenues and expenditures related to the County’s landfill.

Debt Service Fund – the debt service fund is a special revenue fund used to account for debt proceeds and repayment of debt for the County.

The County also reports the following fund type:

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

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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:

Assets	Years
Buildings and improvements	10-40
Machinery and equipment	3-10
Road and bridge infrastructure	20-40

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

Due to Others

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

Deferred Revenues

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

Accumulated Compensated Absences

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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*.

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). 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, 2014, 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 which is the date the financials were available to be issued.

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 2014 millage rate assessed by the County was 8.3114 mills.

NOTE 2 - PROPERTY TAXES (CONTINUED)

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

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

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

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 \$8,686,899 and the bank balance was \$9,361,047. 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.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

The County invested funds in the Florida State Board of Administration Local Governments Surplus Funds Investment Pool. At September 30, 2014, the market value and the carrying value of these funds was \$390,736. The funds are recorded as a cash equivalent on the balance sheet at September 30, 2014 (See Note 1 for definition of cash equivalents) and are included in carrying value and bank balance in the first paragraph of this note. 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.

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, 2014. These investments are reported at fair value, which is amortized cost.

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, 2014, the County's investment in the Florida PRIME is rated by Standard and Poors and the current rating is AAAM.

Interest Rate Risk

The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2014, is 39 days. Next interest rate reset for floating rate securities are used in the calculation of the WAM.

Custodial Credit Risk

At September 30, 2014, 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, 2014, the County did not have 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 \$721,194 and are shown net of allowance of doubtful accounts and contractual adjustments of \$456,687. 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 \$187,000.

NOTE 5 - INVENTORY OF SUPPLIES

Inventories of supplies are recorded under the purchases method at cost as an expenditure in the County Transportation Trust Fund at the time of purchase. The ending monthly inventory value is recorded as an asset with a related reserved fund balance which indicates that inventory does not constitute "available spendable resources" even though it is a component of net current assets. Cost is determined using the first-in, first-out method.

NOTE 6 - INTERFUND TRANSACTIONS AND BALANCES

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the 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, 2014, consisted of the following:

Transfers to General Fund from:	
Fines and Forfeitures Fund	\$ 3,773,283
Landfill Fund	10,992
Nonmajor Governmental Funds	276,095
Transfers to Fines and Forfeitures Fund from:	
General Fund	2,635,124
Transfers to Debt Service fund from:	
General Fund	264,140
Transportation Trust Fund	293,875
<hr/>	
Total interfund transfers	\$ 7,253,509

The purpose of individual fund interfund receivable and payable balances at September 30, 2014 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, 2014, consisted of the following:

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ 105,545,136	\$ 108,102,989
Transportation Trust	2,837,036	3,304,468
Fines and Forfeitures Fund	47,572,233	46,602,072
Landfill fund	23,328,466	22,463,663
Debt Service Fund	4,355,033	4,291,746
Nonmajor governmental funds		
Fire Assessment Fund	8,160,230	8,346,298
SHIP Trust Fund	3,254	-
Grant Fund	652,519	302,991
E-911 Fund	3,063,359	2,103,039
Total	\$ 195,517,266	\$ 195,517,266

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, 2014, but not yet received by the County. The majority of these amounts were received in October and November 2014.

Jefferson County, Florida
Notes to Financial Statements

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014, was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 1,681,922	\$ -	\$ -	\$ 1,681,922
Construction in progress	2,813,542	3,222,715	2,675,769	3,360,488
Total capital assets not being depreciated	4,495,464	3,222,715	2,675,769	5,042,410
Capital assets being depreciated:				
Buildings and improvements	8,327,722	14,482	-	8,342,204
Equipment	9,094,737	1,047,282	782,387	9,359,632
Equipment - Sheriff	2,079,017	119,213	126,125	2,072,105
Roads	26,058,578	2,675,769	-	28,734,347
Total capital assets being depreciated	45,560,054	3,856,746	908,512	48,508,288
Less: Total accumulated depreciation	38,515,141	1,177,821	908,512	38,784,450
Total capital assets being depreciated, net	7,044,913	2,678,925	-	9,723,838
Governmental activities capital assets, net	\$ 11,540,377	\$ 5,901,640	\$ 2,675,769	\$ 14,766,248

Depreciation expense was charged to functions as follows:

Governmental activities	
General government	\$ 301,856
Public safety	351,457
Physical environment	248,450
Transportation	255,675
Culture and recreation	20,383
Total depreciation expense-governmental activities	\$ 1,177,821

Jefferson County, Florida
Notes to Financial Statements

NOTE 9 - LONG-TERM LIABILITIES

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

Items of equipment were acquired in prior years and current year under various installment purchase obligations bearing interest at 2.75% to 4.94% per annum. These obligations require monthly and annual installments of various amounts and expire at various dates through March 2018.

The County borrowed funds in the amount of \$1,800,000 to refund the Series 1999 Bonds. The note payable includes interest at 1.84% and includes quarterly payments of \$68,686, including interest. The note is collateralized by an assignment of Local Government half-cent sales tax revenues, half-cent supplement sales tax and pari-mutual tax revenues.

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.

Long-term debt activity for the year ended September 30, 2014, was as follows:

	BEGINNING			ENDING		DUE
	BALANCE	ADDITIONS	REDUCTIONS	BALANCE	WITHIN	ONE YEAR
Governmental activities:						
Revenue bonds	\$ 6,173,000	\$ -	\$ 1,743,000	\$ 4,430,000	\$	190,000
Note payable	-	1,819,319	127,458	1,691,861		245,604
Capital lease obligations	454,492	747,430	116,280	1,085,642		101,765
Compensated absences	402,486	20,008	10,947	411,547		-
Other post-employment benefits	260,000	66,000	-	326,000		-
Landfill closure and post-closure costs	411,945	-	46,087	365,858		52,266
Total	\$ 7,701,923	\$ 2,652,757	\$ 2,043,772	\$ 8,310,908	\$	589,635

Jefferson County, Florida
Notes to Financial Statements

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Payments on the revenue bonds, leases payable and notes 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.

Debt service requirements on long-term debt at September 30, 2014 are as follows:

FISCAL YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES			
	REVENUE BONDS		CAPITAL LEASE OBLIGATIONS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2015	\$ 190,000	\$ 107,025	\$ 101,765	\$ 27,885
2016	195,000	103,225	360,551	39,599
2017	200,000	99,325	134,932	15,967
2018	200,000	95,325	129,223	44,906
2019	205,000	91,325	230,401	6,853
2020-2024	1,100,000	387,700	128,770	230
2025-2029	1,230,000	257,172	-	-
2030-2034	1,110,000	83,787	-	-
Total	\$ 4,430,000	\$ 1,224,884	\$ 1,085,642	\$ 135,440

FISCAL YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES	
	NOTES PAYABLE	
	PRINCIPAL	INTEREST
2015	\$ 245,604	\$ 29,206
2016	262,732	24,658
2017	254,621	20,027
2018	259,340	15,309
2019	264,144	10,505
2020-2024	405,420	6,551
Total	\$ 1,691,861	\$ 106,256

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

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

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

NOTE 10 - EMPLOYEE BENEFITS

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

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

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

	10/01/13-6/30/14	07/01/14-09/30/14
Regular class	6.95%	7.37%
Senior management	18.31%	21.14%
Elected county officials' class	33.03%	43.24%
Special risk class	19.06%	19.82%
DROP program participants	12.84%	12.28%

Jefferson County, Florida
Notes to Financial Statements

NOTE 10 - EMPLOYEE BENEFITS (CONTINUED)

Contribution rates equal actuarial determined rates. For the period October 01, 2013 through September 30, 2014, the total payroll for all employees and the retirement contributions for all employees covered by FRS were as follows:

	Payroll Expense	Retirement Contributions
Board of County Commissioners	\$ 2,547,698	\$ 285,090
Clerk of the Circuit Court	502,900	70,678
Sheriff	2,178,797	324,440
Property Appraiser	294,965	51,392
Tax Collector	234,268	45,429
Supervisor of Elections	115,421	31,110
Total	\$ 5,874,049	\$ 808,139

The County's contributions to the Plan for the years ended September 30, 2014, 2013 and 2012 were \$808,139, \$555,816 and \$468,335 respectively, which equal the required contributions. For the year ended September 30, 2014, retirement contributions represent 13.76% 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.

The Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution plan qualified under Section 401 (a) of the Internal Revenue Code. The FRS Investment Plan is administered by the Department of Management Services and is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. Chapter 121, Florida Statutes, establishes the authority for benefit provisions and contribution requirements. Changes to the law can only occur through an act of the Florida Legislature.

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, 2014, 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.

Jefferson County, Florida
Notes to Financial Statements

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, 2014.

Restricted Fund Balance:

Funds	Purpose			
General Fund	Funding for:			
	Landfill escrow	\$	129,132	
	Medical impact fees		59,433	
	Tourist development tax		59,911	
	Fire impact fees		41,166	
	Mosquito Control		27,305	
	Total general fund		\$	316,947
Special Revenue Fund	Funding for:			
	Transporation		216,880	
	Capital projects		576,094	
	Fines and forfeitures		1,689,460	
	Landfill		840,239	
	Nonmajor governmental funds			
	E-911	964,992		
	Grants	533,211		
	SHIP trust	241,704		
	Total nonmajor governmental funds			1,739,907
Total restricted fund balance		\$	5,379,527	

NOTE 13 - LITIGATION AND CONTINGENT LIABILITIES

The County is involved in various litigation arising in 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 8 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, 2014, was \$129,132.

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.

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

Membership – At September 30, 2014, 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
Total membership	150
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Participating employers	1
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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 2014 was \$2,990. The chart below shows the cost of the monthly retiree premiums at September 30, 2014.

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

Jefferson County, Florida
Notes to Financial Statements

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

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:

September 30,	2014
Annual required contribution	\$ 99,000
Interest on prior year net OPEB obligation	10,000
Adjustments to annual required contribution	(22,000)
Annual OPEB costs	87,000
Estimated employer contribution made	(21,000)
Increase (decrease) in net OPEB obligation	66,000
Net OPEB obligation, beginning of year	260,000
Estimated net OPEB obligation, end of year	\$ 326,000

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2014 and the prior two (2) years were as follows:

Fiscal Year Ended	Annual OPEB Costs	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/2012	\$ 116,000	16.0%	\$ 194,000
9/30/2013	\$ 85,000	22.0%	\$ 260,000
9/30/2014	\$ 87,000	24.0%	\$ 326,000

Funded Status and Funding Progress – As of September 30, 2014, 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.

Jefferson County, Florida
Notes to Financial Statements

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

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	
4/1/2012	\$ -	\$ 541,000	\$ 541,000	0.00%	\$ 5,618,000	9.6%	(1)
7/1/2013	\$ -	\$ 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, 2013 to September 30, 2014, 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, 2014, 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 approved multiple construction contracts to be completed within the 2015 fiscal year.

NOTE 19 - DEFICIT FUND BALANCES

The Board had one non-major special revenue fund with deficit fund balances as of September 30, 2014 as follows:

Funds	Amount
Fire Assessment Fund	\$ (221,198)

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

Jefferson County, Florida
Notes to Financial Statements

NOTE 20 - BUDGETARY INFORMATION

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

Funds	Amount
Transportation Fund	\$ (15,259)
Capital Projects Fund	\$ (124,050)

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

NOTE 21 - CHANGE IN ACCOUNTING PRINCIPLE

In fiscal year 2014, the County implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As a result, the unamortized bond issuance cost for governmental activities at the government-wide level has been deleted and the beginning net position restated. The reported cumulative change in accounting principle was \$139,756.



SUPPLEMENTARY INFORMATION

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

September 30, 2014

	Special Revenue					Total Non-Major Governmental Funds
	SHIP Trust Fund	Grants Fund	Fire Assessment	Payroll	E-911 Fund	
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 612	\$ -	\$ 612
Restricted cash and cash equivalents	546,429	174,941	-	-	-	721,370
Due from other funds	3,254	652,519	8,160,230	-	3,063,359	11,879,362
Due from other governmental units	-	8,742	-	-	4,672	13,414
Total assets	\$ 549,683	\$ 836,202	\$ 8,160,230	\$ 612	\$ 3,068,031	\$ 12,614,758
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ 35,130	\$ 612	\$ -	\$ 35,742
Due to other funds	-	302,991	8,346,298	-	2,103,039	10,752,328
Deferred revenue	307,979	-	-	-	-	307,979
Total liabilities	307,979	302,991	8,381,428	612	2,103,039	11,096,049
Fund balances						
Restricted	241,704	533,211	-	-	964,992	1,739,907
Unassigned	-	-	(221,198)	-	-	(221,198)
Total fund balances	241,704	533,211	(221,198)	-	964,992	1,518,709
Total liabilities and fund balances	\$ 549,683	\$ 836,202	\$ 8,160,230	\$ 612	\$ 3,068,031	\$ 12,614,758

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

For the year ended September 30, 2014

	Special Revenue					Total Non-Major Governmental Funds
	SHIP Trust Fund	Grants Fund	Fire Assessment	Payroll	E-911 Fund	
Revenues						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 166,977	\$ 166,977
Grants	309,107	-	-	-	14,301	323,408
Investment earnings	43	4	-	-	-	47
Other fees and miscellaneous revenues	-	-	610,082	-	-	610,082
Total revenues	309,150	4	610,082	-	181,278	1,100,514
Expenditures						
Current:						
Public safety	-	-	-	-	49,838	49,838
Fire safety	-	-	637,177	-	-	637,177
Economic development	309,107	-	-	-	-	309,107
Capital outlay	-	-	843,443	-	-	843,443
Total expenditures	309,107	-	1,480,620	-	49,838	1,839,565
Excess (deficiency) of revenues over (under) expenditures	43	4	(870,538)	-	131,440	(739,051)
Other financing sources (uses)						
Transfers out	-	-	(6,095)	-	(270,000)	(276,095)
Net other financing sources (uses)	-	-	(6,095)	-	(270,000)	(276,095)
Net change in fund balances	43	4	(876,633)	-	(138,560)	(1,015,146)
Fund balances - beginning	241,661	533,207	655,435	-	1,103,552	2,533,855
Fund balances - ending	\$ 241,704	\$ 533,211	\$ (221,198)	\$ -	\$ 964,992	\$ 1,518,709

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

September 30, 2014

	Clerk of the Circuit Court	Tax Collector	Sheriff	Total
Assets				
Cash and cash equivalents	\$ 231,911	\$ 972,956	\$ 48,622	\$ 1,253,489
Total assets	\$ 231,911	\$ 972,956	\$ 48,622	\$ 1,253,489
Liabilities				
Due to other governments	\$ -	\$ 843,565	\$ -	\$ 843,565
Due to other funds	-	129,391	-	129,391
Due to others	231,911	-	48,622	280,533
Total liabilities	\$ 231,911	\$ 972,956	\$ 48,622	\$ 1,253,489

**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, 2014, and have issued our report thereon dated June 29, 2015.

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 2012-001, 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 TC2014-001, Board 2014-001, Board 2013-002, Board 2008-001, and Board 2008-002 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 29, 2015.

Jefferson County's Response to Findings

Jefferson County, Florida's written response to the findings identified in our audit are 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 state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

June 29, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROJECT AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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 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 Department of Financial Services' State Projects Compliance Supplement, that could have a direct and material effect on each of its major state projects for the year ended September 30, 2014. Jefferson County, Florida's major 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 state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major 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 Chapter 10.550 Rules of the Florida Auditor General. Those standards, 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 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.

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major 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 state projects for the year ended September 30, 2014.

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 Board's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and major 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 state project and to test and report on internal control over compliance in accordance 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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. *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 a 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.

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 internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

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

June 29, 2015

Jefferson County, Florida
Schedule of Expenditures of
State Financial Assistance Projects

For the year ended September 30, 2014

State Agency				
State Program Title	CSFA	Grant/		
State Financial Assistance Projects	Number	Contract	Number	Expenditures
Florida Housing Finance Corporation				
State Housing Initiatives Partnership Program	52.901		13/14	\$ 309,107
Total Florida Housing Finance Corporation				309,107
Florida Department of State				
Division of Library and Information Services:				
State Aid to Libraries	45.030		14-ST-97	134,599
Total Florida Department of State				134,599
Florida Executive Office of the Governor				
Emergency Management				
Emergency Management Programs	31.063		14-BG-83-02-43-01-033	108,734
Total Executive Officer of the Governor				108,734
Florida Department of Environmental Protection				
Small County Grants				
Cooperative Collection Center Grant	37.007		SO624	58,690
Small County Consolidated Grant - Solid Waste	37.012		419SC	90,909
Total Florida Department of Environmental Protection				149,599
Florida Department of Economic Opportunity				
Office of Tourism, Trade and Development				
Rural Infrastructure Fund	40.013		DOO22	34,271
Growth Management Implementation	40.024		N/A	37,500
Total Florida Department of Economic Opportunity				71,771

Jefferson County, Florida
Schedule of Expenditures of
State Financial Assistance Projects

Florida Department of Transportation**Public Transit Service Development Program**

County Incentive Grant Program (CIGP) - Old Lloyd Road	55.008	AQS63	216,037
Small County Outreach Program (SCOP) - North Salt Road	55.009	428182-2-58-01	230,702
Small County Road Assistance Program (SCRAP) - Lloyd Creek Road	55.016	431222-1-58-01	498,407

Florida Department of Transportation			945,146
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Florida Department of Health

EMS Matching Grant - Monitors	64.003	R-3002	81,281
EMS Matching Grant - Ambulance	64.003	M-3003	11,418

Total Florida Department of Health			92,699
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Florida Department of Agriculture

Mosquito Control	42.003	n/a	22,850
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Total Florida Department of Agriculture			22,850
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Florida Humanities Council

Prime Time Grant	N/A	C_PT13_JEFF_1302	4,011
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Total Florida Humanities Council			4,011
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Total Expenditures of State Financial Assistance Projects			\$ 1,838,516
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Jefferson County, Florida
Notes to Schedule of Expenditures of
State Financial Assistance Projects
For the year ended September 30, 2014

NOTE 1 - BASIS OF ACCOUNTING

The supplementary Schedule of Expenditures of State Financial Assistance Projects include the grant activity of Jefferson County, Florida (the County). State expenditures are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of 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 State Financial Assistance Projects includes all the funds of the primary government as defined by GASB 14, *The Financial Reporting Entity*.

Jefferson County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2014

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 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 Chapter 10.550, Rules of the Auditor General for Jefferson County, Florida expresses an unmodified opinion.
6. Audit findings relative to the major 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:

State Projects	CSFA No.
Florida Housing Finance Corporation	
State Housing Initiatives Partnership Program	52.901
Florida Department of Transportation	
Public Transit Service Development Program	
Small County Road Assistance Program	55.016
Small County Outreach Program	55.009

8. The threshold for distinguishing Type A and Type B programs/projects was \$300,000 for major state financial assistance projects.
9. Jefferson County, Florida did not qualify as a low-risk auditee pursuant to Chapter 10.550, Rules of the Auditor General.

Jefferson County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2014

B. FINDINGS - FINANCIAL STATEMENT AUDIT

BOARD OF COUNTY COMMISSIONERS

Accrual Accounting Board 2014-001

COMMENT: We noted that certain expenditures and revenues were not properly accrued and recorded at year-end.

RECOMMENDATION: We recommend management review all expenditures and revenues and properly record them in the year incurred.

TAX COLLECTOR

Tag Account Reconciliation TC2014-001

COMMENT: The Tax Collector should reconcile the agency fund account balances to amounts due to other governmental agencies. We noted the Tax Collector's tag account balance at year end did not reconcile with fees paid out to various governmental agencies the next month.

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

C. FINDINGS - MAJOR STATE PROJECTS

There were no current year findings.

Jefferson County, Florida
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2014

PRIOR-YEAR FINDINGS AND QUESTIONED COSTS

MAJOR FEDERAL AWARD PROGRAMS AND STATE PROJECTS

Significant Deficiency Board 2013-001: ERRORS IN FAIR MARKET STANDARDS USED - RESOLVED

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.

STATUS: This condition is resolved. The Board of County Commissioners no longer has a HUD program.

FINANCIAL STATEMENT AUDIT

BOARD OF COUNTY COMMISSIONERS

Accounts Receivable Board 2013-002 – NOT RESOLVED

COMMENT: We noted the allowance for doubtful accounts related to ambulance accounts receivable was understated. 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.

STATUS: This condition continues to exist.

Jefferson County, Florida
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2014

Significant Deficiency Board 2012-001: 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

Budget Over Expenditure and Deficit Fund Balance TC2013-001 - RESOLVED

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.

STATUS: This condition has been resolved.

Significant Deficiency TC2009-001: TAX ACCOUNT RECONCILIATION - 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 has been resolved.

Jefferson County, Florida
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2014

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

Significant Deficiency 2008-001: SEGREGATION OF DUTIES – NOT RESOLVED

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

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

STATUS: This condition continues to exist.

Significant Deficiency 2008-002: 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

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

We have audited the financial statements of Jefferson County, Florida, Board of County Commissioners (the "County") as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated June 29, 2015.

Auditors' Responsibility

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 Chapter 10.550, Rules of the Florida Auditor General.

Other Reports and Schedules

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance For Each Major State Project and on Internal Control over Compliance Required By Chapter 10.550 Rules of the Florida Auditor General; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 29, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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."

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

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

BOARD OF COUNTY COMMISSIONERS

COMMENT ML 14-01: It was noted that the public depositor annual report was not completed and submitted to the Florida Department of Financial Services (FDFS) in a timely manner.

RECOMMENDATION: We recommend the report be submitted to the FDFS by the November 30 deadline.

COMMENT ML 14-02: The County's bond covenants require cash to be reserved for future debt service cost. Bond covenants require separate cash accounts to be established for future interest and principal payments. Monthly deposits into these accounts are calculated as a percentage of the next debt service payments.

RECOMMENDATION: We recommend the County establish the appropriate cash accounts and fund them accordingly.

CLERK OF THE COURT

COMMENT ML 14-01: It was noted that the public depositor annual report was not completed and submitted to the Florida Department of Financial Services (FDFS) in a timely manner.

RECOMMENDATION: We recommend the report be submitted to the FDFS by the November 30 deadline.

Official Title and Legal Authority

Section 10.554(1)(i)4., 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.

Financial Condition

Section 10.554(1)(i)5.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.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), 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.

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

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we determine whether the annual financial report for Jefferson County, Florida for the fiscal year ended September 30, 2014, 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, 2014. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., 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)3., 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 charges with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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, granting agencies, and applicable management, 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 29, 2015



Carr, Riggs & Ingram, LLC
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Marianna, FL 32446

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Marianna, FL 32447

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www.cricpa.com

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH
SECTION 218.415, FLORIDA STATUTES, LOCAL GOVERNMENT
INVESTMENT POLICIES**

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

We have examined Jefferson County, Florida's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2014. Management is responsible for the Jefferson County, Florida's compliance with those requirements. Our responsibility is to express an opinion on the Jefferson County, Florida's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Jefferson County, Florida's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Jefferson County, Florida's compliance with specified requirements.

In our opinion, the Jefferson County, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

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

June 29, 2015



KIRK REAMS

**Jefferson County
Clerk of Court & CFO**

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

June 29, 2015

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

RE: 2013-2014 Audit Report Findings

Dear Mr. Martin:

In regards to the auditor's findings 2014-001, ML 14-01, ML 14-02, 2013-002, 2012-001, 2008-001 and 2008-002 for the year ending September 30, 2014.

We agree with finding and recommendation 2014-001 to review all expenditures to ensure they are properly recorded in the year they occurred. It should be noted, as State funding sources become more specific, it will require careful internal review and analysis to ensure accurate recording. Foreclosure and Records Modernization appropriations and spending authority are two such examples. We agree with finding and recommendation ML 14-01 to ensure the Public Depositor Annual Report is finalized and submitted to the Department of Financial Services by its November 30th deadline. We also agree with finding and recommendation ML 14-02 and will establish the appropriate cash accounts to meet all County bond covenants.

We agree with finding and recommendation 2013-002 that timely adjustments to outstanding receivables are needed to help ensure that net assets are accurately stated. Moving forward, we will implement additional procedures to review aged receivables, make adjustments and implement additional procedures to improve collections.

We agree with finding and recommendation 2012-001 that the County needs additional internal controls to ensure that all capital outlay items are recorded as fixed assets. We will develop additional controls to ensure all items are included on the County's fixed assets schedule according to policy.

We agree with finding and recommendation 2008-001 that there is not an ideal segregation of duties among employees in regards 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 we are making significant strides to improve our internal controls and have a system of checks and balances. We also agree with finding and recommendation 2008-002 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 Street
Tallahassee, Florida 32399

RE: 2013-2014 Audit Report Findings

Dear Mr. Martin:

In regards to the auditor's findings C14-01, C08-01 and C08-02 for the year ending September 30, 2014.

We agree with finding C14-01 and recommendation to review all expenditures to ensure that they are properly recorded in the year that they occurred. It should be noted that as funding sources and programs on the State side become more specific, it will require careful internal review and analysis to ensure that expenditures are accurately recorded. For instance, Foreclosure and Records Modernization appropriations and spending authority are such examples discussed above.

We agree with finding C08-01 that there is not an ideal segregation of duties among employee's in regards to certain accounting and administrative job functions. However, due to the size and limited resources available to 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 and awareness, we are making significant strides to not only improve but strengthen our internal controls.

We agree with finding C08-02 that we do not have adequate staff 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



Jefferson County, Florida Management's Response



Jefferson County
Office Of The Property Appraiser
Angela Gray, CFA Property Appraiser

June 1, 2015

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

Re: 2013-14 Audit

To Whom It May Concern:

I have received and reviewed the Independent Auditor's findings and recommendations provided by your firm for the year ended September 30, 2014. 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,


Angela Q. Gray, CFA
Jefferson County Property Appraiser

480 W. Walnut Street, P.O. Box 63, Monticello, FL 32345
Phone (850) 997-3356 jeffersonpa.net Fax (850) 997-0988

Jefferson County, Florida
Management's Response



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

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

June 12, 2015

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

Re: 2013-2014 Audit Report Findings

Dear Mr. Martin,

This is in reply to our auditor's findings for the year ended September 30, 2014.

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 | Monticello, Florida 32344 | (850) 997-3348 | Fax: (850) 997-6958 | E-mail: sojeffersonco@aol.com

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, 2014.

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 to utilize 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,

A handwritten signature in black ink that reads 'Marty Bishop'. The signature is written in a cursive style with a long horizontal stroke at the end.

Marty Bishop
Jefferson County Supervisor of Elections

Jefferson County, Florida
Management's Response



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

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

Dear Sir/Madam:

Please accept this letter in response to the Independent Auditor's Report to management included in the audit report for the Jefferson County Tax Collector's Office for the fiscal year September 30, 2014. As a preliminary matter, please note that the Tax Collector's Office in and for the Jefferson county political subdivision is a small office with limited resources. Thus, the office must and does utilize its resources in the best manner possible to achieve consistent and accurate results. As for the particular findings, please find my response below:

Tag Account Reconciliation TC14-01

Due to my Office's limited staff and the volume of transactions processed, the reconciliation of the tag account can be delayed. However, my office has contracted with a Certified Public Accountant to assist in providing additional services to ensure that all fees are timely disbursed and the tag accounts are timely reconciled and to train an employee to perform these services in the future. Therefore, this condition is being corrected.

Need for Segregation of Duties – TC 08-01

As the audit recommendation acknowledges, due to its size and daily workload, my office has cross-trained staff so that my staff has expertise on a variety of the state-law duties performed by the Tax Collectors office. However, my office recognizes that the cost of the internal controls cannot exceed the benefit of such internal controls. Nonetheless, my office has and will continue to monitor the responsibilities of the finance clerks to ensure that all procedures are adhered to. Therefore, this condition is being corrected.

Preparation of GAAP based Financial Statements – TC 08-02

The issue of GAAP is noted. However, my office's budget does not allow for the hiring of an in-house professional accountant to handle the financial statements and the everyday workload of the Tax Collector's office. Therefore, my office has and will continue to contract with a Certified Public Accountant in preparing these annual financial statements and note disclosures as recommended.

Although my office remains limited in resources, my office will continue to be diligent in the performance of my duties and will make all efforts to continue to ensure the conditions remain corrected. Thank you for your attention and please do not hesitate to contact me should you have any further questions, comments or concerns.

Sincerely,

Lois Howell-Hunter
Jefferson County Tax Collector



**SPECIAL-PURPOSE
FINANCIAL
STATEMENTS**

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

Special-Purpose Financial Statements

September 30, 2014



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

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Jefferson County, Florida
Clerk of the Circuit Court
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September 30, 2014

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REPORT





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

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INDEPENDENT AUDITORS' REPORT

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

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, 2014, 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 opinions.

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, 2014, 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 June 10, 2015 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.

June 10, 2015



**SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

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

September 30, 2014

	General Fund
Assets	
Restricted cash and cash equivalents	\$ 182,825
Due from other governmental units	4,030
Total assets	\$ 186,855
Liabilities	
Accounts payable and accrued expenses	\$ 6,091
Due to other governmental units	35,890
Total liabilities	41,981
Fund balances	
Restricted	144,874
Total liabilities and fund balances	\$ 186,855

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 Fund**

For the year ended September 30, 2014

	General Fund
Revenues	
Charges for services	\$ 138,936
Intergovernmental	61,186
Grants	31,945
Fines and forfeitures	334,515
Total revenues	566,582
Expenditures	
General government	
Personal services	274,356
Operating expenses	77,786
Court-related	
Personal services	338,999
Operating expenses	128,191
Capital outlay	30,934
Total expenditures	850,266
Excess (deficiency) of revenues over (under) expenditures	(283,684)
Other financing sources (uses)	
Transfers in	249,000
Net other financing sources (uses)	249,000
Net change in fund balance	(34,684)
Fund balances - beginning - Restricted	179,558
Fund balances - ending - Restricted	\$ 144,874

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, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Charges for services	\$ 164,000	\$ 164,000	\$ 138,936	\$ (25,064)
Intergovernmental	55,713	55,713	61,186	5,473
Grants	51,945	51,945	31,945	(20,000)
Fines and forfeitures	405,451	405,451	334,515	(70,936)
Total revenues	677,109	677,109	566,582	(110,527)
Expenditures				
General government				
Personal services	287,919	287,919	274,356	13,563
Operating expenses	70,381	70,381	77,786	(7,405)
Court-related				
Personal services	334,931	334,931	338,999	(4,068)
Operating expenses	228,878	228,878	128,191	100,687
Capital outlay	4,000	4,000	30,934	(26,934)
Total expenditures	926,109	926,109	850,266	75,843
Excess (deficiency) of revenues over (under) expenditures	(249,000)	(249,000)	(283,684)	(34,684)
Other financing sources (uses)				
Transfers in	249,000	249,000	249,000	-
Net other financing sources (uses)	249,000	249,000	249,000	-
Net change in fund balance	\$ -	\$ -	\$ (34,684)	\$ (34,684)

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, 2014

	Agency Funds
Assets	
Cash and cash equivalents	\$ 231,911
Total assets	\$ 231,911
Liabilities	
Due to others	\$ 231,911
Total liabilities	\$ 231,911

See accompanying notes to financial statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

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

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

The Clerk also reported the following fund type:

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

Measurement Focus

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

Basis of Accounting

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Budgetary Requirements

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

Due to Others

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accumulated Compensated Absences

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

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

Subsequent events have been evaluated through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

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

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2014, the carrying amount of the Clerk's cash and cash equivalents and restricted cash was \$414,736 and the bank balance was \$419,931. 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, 2014, the market value and the carrying value of these funds were \$51,747. The funds are carried as a cash equivalent on the balance sheet at September 30, 2014 (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, 2014. These investments are reported at fair value, which is amortized cost.

Additional information and investment policies regarding the Local Government Surplus Fund Trust Fund may be obtained from the State Board of Administration at www.sbafla.com/prime.

Credit Risk

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

As of September 30, 2014, the Clerk's investment in the Florida PRIME is rated by Standard and Poors and the current rating is AAAM.

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

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2014, is 39 days. Next interest rate reset for floating rate securities are used in the calculation of the WAM.

Custodial Credit Risk

At September 30, 2014, the Clerk did not hold any deposits or investments that were considered to have custodial credit risk.

Concentration of Credit Risk

At September 30, 2014, 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, 2014, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Compensated absences	\$ 23,013	\$ 1,491	\$ -	\$ 24,504	\$ -
Total	\$ 23,013	\$ 1,491	\$ -	\$ 24,504	\$ -

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

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

NOTE 4 - EMPLOYEE PENSION PLAN

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

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

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

	10/01/13 Through 06/30/14	07/01/14 Through 09/30/14
Regular employees	6.95%	7.37%
Senior Management	18.31%	21.14%
Elected county officials' class	33.03%	43.24%
Special risk employees	19.06%	19.82%
Drop participants	12.84%	12.28%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2013 through September 30, 2014, the total payroll for the Clerk employees covered by the System was \$493,845. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2014, 2013 and 2012 were \$70,049, \$38,295 and \$31,726 respectively, which equal the required contributions. For the year ended September 30, 2014, retirement contributions represent 14.18% of covered payroll.

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

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, 2014, excess court-related funds were \$35,890.

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, 2014, restricted fund balance is comprised of the following:

Funds	Purpose	
General Fund	Funding for:	
	Modernization of Public Records	\$ 19,064
	Court-related technology	46,239
	Court-related operational needs and program enhancements	79,571
	Total restricted fund equity	\$ 144,874

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 \$31,945.



**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. There were no excess revenues over expenditures at September 30, 2014.



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, 2014, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements and have issued our report thereon dated June 10, 2015.

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. C14-01, 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

CURRENT YEAR FINDINGS AND RECOMMENDATIONS:

Accrual Accounting C14-01

COMMENT: We noted that certain expenditures were not properly accrued and recorded at year-end.

RECOMMENDATION: We recommend the Clerk review all expenditures and properly record in the year incurred.

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.

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

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*.

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.

Carri Riggs & Ingram, L.L.C.

June 10, 2015

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION
218.415, FLORIDA STATUTES, *LOCAL GOVERNMENT INVESTMENT POLICIES***

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

We have examined Jefferson County, Florida, Clerk of the Circuit Court's (the "Clerk") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2014. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Clerk's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

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

June 10, 2015

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION
28.35, FLORIDA STATUTES, *FLORIDA CLERKS OF COURT OPERATIONS
CORPORATION*, AND SECTION 28.36, FLORIDA STATUTES, *BUDGET PROCEDURE***

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

We have examined the office of the Jefferson County, Florida, Clerk of Circuit Court's (the "Clerk") compliance with the requirements of Section 28.35, Florida Statutes, *Florida Clerks of Court Operations Corporation*, and Section 28.36, Florida Statutes, *Budget Procedure*, during the year ended September 30, 2014. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Clerk's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

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

June 10, 2015

INDEPENDENT AUDITORS' MANAGEMENT LETTER

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 financial statements of the Jefferson County, Florida, Clerk of the Circuit Court (the "Clerk"), as of and for the year ended September 30, 2014, and have issued our report thereon dated June 10, 2015.

Auditor's Responsibility

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 Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 10, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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.

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

Official Title and Legal Authority

Section 10.554(1)(i)4, 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.

Other Matters

Section 10.554(1)(i)2, 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.

Public Depositor Annual Report C14-01

COMMENT: It was noted that the public depositor annual report was not completed and submitted to the Florida Department of Financial Services (FDfs) timely.

RECOMMENDATION: We recommend the report be submitted to the FDfs by the November 30 deadline.

Section 10.554(1)(i)3., 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.

Purpose of this Letter

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 applicable management, 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, 2015

**Jefferson County, Florida
Clerk of the Circuit Court
Management's Response**



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 Street
Tallahassee, Florida 32399

RE: 2013-2014 Audit Report Findings

Dear Mr. Martin:

In regards to the auditor's findings C14-01, C08-01 and C08-02 for the year ending September 30, 2014.

We agree with finding C14-01 and recommendation to review all expenditures to ensure that they are properly recorded in the year that they occurred. It should be noted that as funding sources and programs on the State side become more specific, it will require careful internal review and analysis to ensure that expenditures are accurately recorded. For instance, Foreclosure and Records Modernization appropriations and spending authority are such examples discussed above.

We agree with finding C08-01 that there is not an ideal segregation of duties among employee's in regards to certain accounting and administrative job functions. However, due to the size and limited resources available to 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 and awareness, we are making significant strides to not only improve but strengthen our internal controls.

We agree with finding C08-02 that we do not have adequate staff 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



**Jefferson County, Florida
Property Appraiser**

Special-Purpose Financial Statements

September 30, 2014



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**Jefferson County, Florida
Property Appraiser
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September 30, 2014**

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REPORT





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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, 2014, 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 opinions.

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, 2014, 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 June 1, 2015 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.

Carly Riggs & Ingram, L.L.C.

June 1, 2015



**SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

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

September 30, 2014

	General Fund
Assets	
Cash and cash equivalents	\$ 14,362
Total assets	\$ 14,362
Liabilities	
Due to Board of County Commissioners	\$ 14,362
Total liabilities	14,362
Fund balance	-
Total liabilities and fund balance	\$ 14,362

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, 2014

	General Fund
Revenues	
Charges for services	\$ 10,735
Investment earnings	55
Other fees and miscellaneous	4,316
Total revenues	15,106
Expenditures	
General government	
Personal services	373,295
Operating expenses	144,948
Capital outlay	24,477
Debt service	
Principal	6,577
Interest and other charges	51
Total expenditures	549,348
Deficiency of revenues under expenditures	(534,242)
Other financing sources (uses)	
Loan proceeds	19,319
Transfers in	529,285
Transfers out	(14,362)
Net other financing sources	534,242
Net change in fund balance	-
Fund balance - beginning	-
Fund balance - ending	\$ -

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, 2014

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
Expenditures				
General government				
Personal services	\$ 359,219	\$ 366,243	\$ 358,189	\$ 8,054
Operating expenses	138,042	148,842	144,948	3,894
Capital outlay	14,200	14,200	5,158	9,042
Debt service				
Principal	-	-	6,577	(6,577)
Interest and other charges	-	-	51	(51)
Total expenditures	511,461	529,285	514,923	14,362
Deficiency of revenues under expenditures	(511,461)	(529,285)	(514,923)	14,362
Other financing sources (uses)				
Transfer in	511,461	529,285	529,285	-
Transfer out	-	-	(14,362)	(14,362)
Net other financing sources	511,461	529,285	514,923	(14,362)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

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

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

Measurement Focus

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

Basis of Accounting

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Budgetary Requirements

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

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

	Total Expenditures	Total Revenue
GAAP basis	\$ 549,348	\$ 549,348
Non-budgeted revenues and expenditures:		
Revenues other than appropriations from the Board of County Commissioners and related expenditures	(34,425)	(34,425)
Budgetary basis	\$ 514,923	\$ 514,923

Cash and Cash Equivalents

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

Capital Assets and Depreciation

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accumulated Compensated Absences

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

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

Risk Management and Insurance

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

Management Estimates and Assumptions

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

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

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

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2014, the carrying amount of the Property Appraiser's cash and cash equivalents was \$14,362 and the bank balance was \$69,982. 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, 2014, the Property Appraiser did not hold any deposits or investments that were considered to have credit risk.

Interest Rate Risk

At September 30, 2014, the Property Appraiser did not hold any investments that were considered to have interest rate risk.

Custodial Credit Risk

At September 30, 2014, the Property Appraiser did not hold any deposits or investments that were considered to have custodial credit risk.

Concentration of Credit Risk

At September 30, 2014, the Property Appraiser did not hold any investments that were considered to have concentration of credit risk.

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 position in the County’s financial statements.

Long-term liability activity for the year ended September 30, 2014, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Notes payable	\$ -	\$ 19,319	\$ 6,577	\$ 12,742	\$ -
Compensated absences	9,642	2,555	-	12,197	-
Total	\$ 9,642	\$ 21,874	\$ 6,577	\$ 24,939	\$ -

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

NOTE 4 - EMPLOYEE PENSION PLAN

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

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

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

NOTE 4 - EMPLOYEE PENSION PLAN (CONTINUED)

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

	10/01/13 Through <u>06/30/14</u>	07/01/14 Through <u>09/30/14</u>
Regular employees	6.95%	7.37%
Elected county officials	33.03%	43.24%
DROP participants	12.84%	12.28%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2013 through September 30, 2014, the total payroll for the Property Appraiser employees covered by the System was \$294,461. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2014, 2013 and 2012 were \$51,392, \$22,544 and \$15,869 respectively, which equal the required contributions. For the year ended September 30, 2014, retirement contributions represent 17.45% 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, 2014, 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 June 1, 2015.

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 FINDINGS 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.

Carri Riggs & Ingram, L.L.C.

June 1, 2015



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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION
218.415, FLORIDA STATUTES, *LOCAL GOVERNMENT INVESTMENT POLICIES***

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

We have examined Jefferson County, Florida Property Appraiser (the "Property Appraiser") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2014. Management is responsible for the Property Appraiser's compliance with those requirements. Our responsibility is to express an opinion on the Property Appraiser's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Property Appraiser's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Property Appraiser's compliance with specified requirements.

In our opinion, the Property Appraiser complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

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

June 1, 2015

INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

Report on the Financial Statements

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, 2014, and have issued our report thereon dated June 1, 2015.

Auditor's Responsibility

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 Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

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*; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 1, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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 findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., 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 this management letter, unless disclosed in the notes to the financial statements. This item was disclosed in the notes to the financial statements.

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

Other Matters

Section 10.554(1)(i)2., 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)3., 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.

Purpose of this Letter

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 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 1, 2015

Jefferson County, Florida
Property Appraiser
Management's Response



Jefferson County
Office Of The Property Appraiser
Angela Gray, CFA Property Appraiser

June 1, 2015

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

Re: 2013-14 Audit

To Whom It May Concern:

I have received and reviewed the Independent Auditor's findings and recommendations provided by your firm for the year ended September 30, 2014. 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,


Angela Q. Gray, CFA
Jefferson County Property Appraiser

480 W. Walnut Street, P.O. Box 63, Monticello, FL 32345
Phone (850) 997-3356 jeffersonpa.net Fax (850) 997-0988

**Jefferson County, Florida
Sheriff**

Special-Purpose Financial Statements

September 30, 2014



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Jefferson County, Florida
Sheriff
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September 30, 2014

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REPORT





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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, 2014, 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 opinions.

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, 2014, 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 June 4, 2015 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.

Carly Riggs & Ingram, L.L.C.

June 4, 2015



**SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

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

September 30, 2014

	General Fund
Assets	
Cash and cash equivalents	\$ 27,908
Total assets	\$ 27,908
Liabilities	
Accounts payable	\$ 27,885
Due to others	23
Total liabilities	27,908
Fund balance	
Total liabilities and fund balances	\$ 27,908

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, 2014

	General Fund
<hr/>	
Revenues	
Other fees and miscellaneous revenues	\$ 22,797
<hr/>	
Total revenues	22,797
<hr/>	
Expenditures	
Current:	
Public safety and health - Personal services	3,012,815
Public safety and health - Operating expenses	934,052
Capital outlay	119,213
<hr/>	
Total expenditures	4,066,080
<hr/>	
Excess (deficiency) of revenues over (under) expenditures	(4,043,283)
<hr/>	
Other financing sources (uses)	
Transfers in	4,043,283
<hr/>	
Net other financing sources (uses)	4,043,283
<hr/>	
Net change in fund balance	-
<hr/>	
Fund balance - beginning	-
<hr/>	
Fund balance - ending	\$ -
<hr/>	

See accompanying notes to financial statements

Jefferson County, Florida
Sheriff

**Special-Purpose Statement of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
General Fund**

For the year ended September 30, 2014

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Other fees and miscellaneous revenues	\$ -	\$ 22,797	\$ 22,797	\$ -
Total revenues	-	22,797	22,797	-
Expenditures				
Current:				
Public safety and health - Personal services	3,016,146	3,016,146	3,012,815	3,331
Public safety and health - Operating expenses	941,795	932,137	934,052	(1,915)
Capital outlay	90,000	112,797	119,213	(6,416)
Contingency	5,000	5,000	-	5,000
Total expenditures	4,052,941	4,066,080	4,066,080	-
Excess (deficiency) of revenues over (under) expenditures	(4,052,941)	(4,043,283)	(4,043,283)	-
Other financing sources (uses)				
Transfers in	4,052,941	4,043,283	4,043,283	-
Total other financing sources	4,052,941	4,043,283	4,043,283	-
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements

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

September 30, 2014

	Agency Funds
Assets	
Cash	\$ 48,622
Total assets	\$ 48,622
Liabilities	
Due to others	\$ 48,622
Total liabilities	\$ 48,622

See accompanying notes to financial statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

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

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

The Sheriff also reported the following fund type:

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

Measurement Focus

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

Basis of Accounting

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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

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

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

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

Budgetary Requirements

Florida Statutes, Chapter 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.

Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets and Depreciation

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

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

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

Accumulated Compensated Absences

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

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

Due to Others

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

Risk Management and Insurance

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

- General liability
- Automobiles
- Money and securities coverage

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

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

Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management Estimates and Assumptions

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

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2014, the carrying amount of the Sheriff's cash and cash equivalents and restricted cash was \$76,530 and the bank balance was \$190,887. 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, 2014, the Sheriff did not hold any deposits or investments that were considered to have credit risk.

Interest Rate Risk

At September 30, 2014, the Sheriff did not hold any investments that were considered to have interest rate risk.

Custodial Credit Risk

At September 30, 2014, the Sheriff did not hold any deposits or investments that were considered to have custodial credit risk.

Notes to Special-Purpose Financial Statements

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

At September 30, 2014, 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 position in the County's financial statements.

Long-term liabilities activity for the year ended September 30, 2014, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Compensated absences	\$ 151,858	\$ 15,962	\$ -	\$ 167,820	\$ -
Total	\$ 151,858	\$ 15,962	\$ -	\$ 167,820	\$ -

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.

Notes to Special-Purpose Financial Statements

NOTE 4 - EMPLOYEE PENSION PLAN (CONTINUED)

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

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

	10/01/13 Through 06/30/14	07/01/14 Through 9/30/14
Regular employees	6.95%	7.37%
Senior management	18.31%	21.14%
Elected county officials	33.03%	43.24%
Special risk employees	19.06%	19.82%
DROP participants	12.84%	12.28%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2013 through September 30, 2014, the total payroll for the Sheriff employees covered by the System was \$2,178,797. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2014, 2013 and 2012 were \$324,440, \$231,664 and \$192,375 respectively, which equal the required contributions. For the year ended September 30, 2014 retirement contributions represent 14.89% 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, 2014, as well as prior years, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the Sheriff's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined, although the Sheriff expects such amounts, if any, to be immaterial.



Jefferson County, Florida
Sheriff

Notes to Special-Purpose Financial Statements

NOTE 6 - LITIGATION AND CONTINGENT LIABILITIES

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

NOTE 7 - EXCESS REVENUES

Pursuant to Section 218.36(2), Florida Statutes, each County Officer shall pay into the county general fund all money in excess of the sum to which he or she is entitled under the provisions of Chapter 145. Excess revenues over expenditures returned to the Board of County Commissioners as required by Florida Statutes are accrued and reported as a transfer out. The Sheriff's general fund ended the current year with excess funds of \$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, 2014, and the related notes to the financial statements, which collectively comprise the Sheriff's basic financial statements and have issued our report thereon dated June 4, 2015.

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.

Carly Riggs & Ingram, L.L.C.

June 4, 2015

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION
218.415, FLORIDA STATUTES, *LOCAL GOVERNMENT INVESTMENT POLICIES***

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

We have examined Jefferson County, Florida Sheriff (the "Sheriff") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2014. Management is responsible for the Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Sheriff's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Sheriff's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Sheriff's compliance with specified requirements.

In our opinion, the Sheriff complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

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

June 4, 2015

INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Jefferson County, Florida Sheriff (the "Sheriff"), as of and for the year ended September 30, 2014, and have issued our report thereon dated June 4, 2015.

Auditor's Responsibility

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; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

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*; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 4, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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*.

Official Title and Legal Authority

Section 10.554(1)(i)4., 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 this management letter, unless disclosed in the notes to the financial statements. This item was disclosed in the notes to the financial statements.

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

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address any recommendations to improve financial management. In connection with our audit, we do not have any such recommendations.

Section 10.554(1)(i)3., 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.

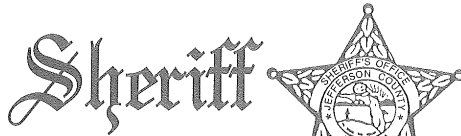
Purpose of this Letter

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, the Jefferson County, Florida Sheriff and applicable management, 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 4, 2015

Jefferson County, Florida
Sheriff
Management's Response



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

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

June 12, 2015

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

Re: 2013-2014 Audit Report Findings

Dear Mr. Martin,

This is in reply to our auditor's findings for the year ended September 30, 2014.

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, 2014



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RIGGS &
INGRAM

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Jefferson County, Florida
Supervisor of Elections
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September 30, 2014

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REPORT



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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 (the "Supervisor of Elections") as of and for the year ended September 30, 2014, 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.

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

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 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, 2014, 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 June 1, 2015 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.

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

June 1, 2015



**SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

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

September 30, 2014

	General Fund
Assets	
Cash and cash equivalents	\$ 10,809
Total assets	\$ 10,809
Liabilities	
Due to Board of County Commissioners	\$ 8,941
Deferred revenue	1,868
Total liabilities	10,809
Fund balance	-
Total liabilities and fund balance	\$ 10,809

See accompanying notes to financial statements

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

For the year ended September 30, 2014

	General Fund
<hr/>	
Expenditures	
General government	
Personal services	\$ 154,987
Operating expenses	75,379
<hr/>	
Total expenditures	230,366
<hr/>	
Excess (deficiency) of revenues over (under) expenditures	(230,366)
<hr/>	
Other financing sources (uses)	
Transfers in	239,285
Transfers out	(8,919)
<hr/>	
Net other financing sources (uses)	230,366
<hr/>	
Net change in fund balance	-
<hr/>	
Fund balance - beginning	-
<hr/>	
Fund balance - ending	\$ -
<hr/> <hr/>	

See accompanying notes to financial statements

Jefferson County, Florida
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, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Expenditures				
General government				
Personal services	\$ 150,485	\$ 150,485	\$ 154,987	\$ (4,502)
Operating expenses	88,800	88,800	75,379	13,421
Total expenditures	239,285	239,285	230,366	8,919
Excess (deficiency) of revenues over (under) expenditures	(239,285)	(239,285)	(230,366)	8,919
Other financing sources (uses)				
Transfer in	239,285	239,285	239,285	-
Transfer out	-	-	(8,919)	(8,919)
Net other financing sources (uses)	239,285	239,285	230,366	(8,919)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

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

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

Measurement Focus

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

Basis of Accounting

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

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

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

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

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

Subsequent events have been evaluated through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2014, the carrying amount of the Supervisor's cash and cash equivalents and restricted cash was \$10,809 and the bank balance was \$24,621. 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, 2014, the Supervisor did not hold any deposits or investments that were considered to have credit risk.

INTEREST RATE RISK

At September 30, 2014, the Supervisor did not hold any investments that were considered to have interest rate risk.

CUSTODIAL CREDIT RISK

At September 30, 2014, the Supervisor did not hold any deposits or investments that were considered to have custodial credit risk.

CONCENTRATION OF CREDIT RISK

At September 30, 2014, 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.

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:

	<u>10/01/13</u> Through <u>06/30/14</u>	<u>07/01/14</u> Through <u>09/30/14</u>
Regular employees	6.95%	7.37%
Elected county officials	33.03%	43.24%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 01, 2013 through September 30, 2014, the total payroll for the Supervisor’s employees covered by the System was \$115,421. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2014, 2013 and 2012 were \$31,110, \$14,199 and \$10,631 respectively, which were the required contributions. For the year ended September 30, 2014 retirement contributions represent 26.95% of covered payroll.



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

NOTE 4 - EXCESS REVENUE

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

NOTE 5 - GRANTS

The Supervisor participates in two state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended September 30, 2014, 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 (the "Supervisor of Elections") as of and for the year ended September 30, 2014, 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 June 1, 2015.

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.

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

June 1, 2015



Carr, Riggs & Ingram, LLC
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**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION
218.415, FLORIDA STATUTES, LOCAL GOVERNMENT INVESTMENT POLICIES**

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

We have examined Jefferson County, Florida's Supervisor of Elections (the "Supervisor of Elections") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2014. Management is responsible for the Supervisor of Election's compliance with those requirements. Our responsibility is to express an opinion on the Supervisor of Elections' compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Supervisor of Election's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Supervisor of Elections' compliance with specified requirements.

In our opinion, the Supervisor of Elections complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

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

June 1, 2015

INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the special-purpose financial statements of the Jefferson County, Florida, Supervisor of Elections (the "Supervisor of Elections") as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated June 1, 2015.

Auditor's Responsibility

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 Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

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*; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 1, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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. Corrective actions have not been taken to address findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., 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 this management letter, unless disclosed in the notes to the financial statements. This item was disclosed in the notes to the financial statements.

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

Other Matters

Section 10.554(1)(i)2., 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)3., 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.

Purpose of this Letter

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 applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Carly Riggs & Ingram, L.L.C.

June 1, 2015

Jefferson County, Florida
Supervisor of Elections
Management's Response



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, 2014.

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 to utilize 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, 2014



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**Jefferson County, Florida
Tax Collector
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September 30, 2014**

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REPORT





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INDEPENDENT AUDITORS' REPORT

To the Honorable Lois H. Hunter
Tax Collector of Jefferson County
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, 2014, 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.

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

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

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, 2014, 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 June 10, 2015 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.

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

June 10, 2015



**SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

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

September 30, 2014

	General Fund
Assets	
Cash and cash equivalents	\$ 145,655
Due from other funds	129,391
Total assets	\$ 275,046
Liabilities	
Accounts payable	\$ 6,298
Due to Board of County Commissioners	268,748
Total liabilities	275,046
Fund balance	-
Total liabilities and fund balance	\$ 275,046

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, 2014

	General Fund
<hr/>	
Revenues	
Charges for services	\$ 814,104
<hr/>	
Total revenues	814,104
<hr/>	
Expenditures	
General government	
Personal services	338,657
Operating expenses	86,627
<hr/>	
Total expenditures	425,284
<hr/>	
Excess (deficiency) of revenues over (under) expenditures	388,820
<hr/>	
Other financing sources (uses)	
Transfers out	(268,748)
<hr/>	
Net other financing sources (uses)	(268,748)
<hr/>	
Net change in fund balance	120,072
<hr/>	
Fund balance - beginning	(120,072)
<hr/>	
Fund balance - ending	\$ -
<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, 2014

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Charges for services	\$ 529,545	\$ 529,545	\$ 814,104	\$ 284,559
Total revenues	529,545	529,545	814,104	284,559
Expenditures				
General government				
Personal services	336,810	336,810	338,657	(1,847)
Operating expenses	192,735	192,735	86,627	106,108
Total expenditures	529,545	529,545	425,284	104,261
Excess (deficiency) of revenues over (under) expenditures	-	-	388,820	388,820
Other financing sources (uses)				
Transfers out	-	-	(268,748)	(268,748)
Net other financing sources (uses)	-	-	(268,748)	(268,748)
Net change in fund balance	\$ -	\$ -	\$ 120,072	\$ 120,072

See accompanying notes to financial statements

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

September 30, 2014

	Agency Funds
Assets	
Cash	\$ 972,956
Total assets	\$ 972,956
Liabilities	
Due to other funds	\$ 129,391
Due to other governments	843,565
Total liabilities	\$ 972,956

See accompanying notes to financial statements

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies 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.

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 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

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

Notes to Special-Purpose Financial Statements

accounting principles (GAAP) in the United States of America.

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, which is the date the financial statements were available to be issued.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE 2 – DEPOSITS AND INVESTMENTS

At September 30, 2014, the carrying amount of the Tax Collector's cash and cash equivalents was \$1,118,611 and the bank balance was \$759,858. 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, 2014, the Tax Collector did not hold any deposits or investments that were considered to have credit risk.

Interest Rate Risk

At September 30, 2014, the Tax Collector did not hold any investments that were considered to have interest rate risk.

Custodial Credit Risk

At September 30, 2014, the Tax Collector did not hold any deposits or investments that were considered to have custodial risk.

Concentration of Credit Risk

At September 30, 2014, 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, 2014, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Compensated absences	\$ 7,108	\$ -	\$ 724	\$ 6,384	\$ -
Total	\$ 7,108	\$ -	\$ 724	\$ 6,384	\$ -

Accrued compensated absences represent the personal leave balances at September 30, 2014. 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.

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

**Jefferson County, Florida
Tax Collector**

Notes to Special-Purpose Financial Statements

Florida Legislature mandated all employees contribute 3% to their retirement coverage with immediate vesting of their contributions.

NOTE 4 – EMPLOYEE PENSION PLAN (CONTINUED)

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

	10/01/13 Through <u>06/30/14</u>	07/01/14 Through <u>09/30/14</u>
Regular employees	6.95%	7.37%
Elected county officials' class	33.03%	43.24%
DROP participants	12.84%	12.28%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 01, 2013 through September 30, 2014, the total payroll for the Tax Collector's employees covered by the System was \$234,268. The retirement contributions for all employees covered by the FRS for the years ended September 2014, 2013 and 2012 were \$45,429, \$21,649 and \$16,766 which were the required contributions. For the year ended September 30, 2014 retirement contributions represent 19.39% 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, 2014, excess revenues over expenditures of \$268,748 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

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, 2014, there was no fund balance.



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 of Jefferson County
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, 2014, 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 June 10, 2015.

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. TC14-01, TC13-01, TC06-01, TC08-01 and TC08-02 that we consider to be significant deficiencies.

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

CURRENT YEAR FINDINGS AND RECOMMENDATIONS:

Tag Account Reconciliation TC14-01

COMMENT: The Tax Collector should reconcile their agency fund account balances to amounts due to other governmental agencies. We noted the Tax Collector's tag account balance at year end did not reconcile with fees paid out to various governmental agencies the next month.

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

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 has been resolved.

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 of Jefferson County
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.

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.

STATUS: This condition has been resolved.

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 June 10, 2015.

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

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.

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

June 10, 2015

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION
218.415, FLORIDA STATUTES, *LOCAL GOVERNMENT INVESTMENT POLICIES***

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

We have examined Jefferson County, Florida, Tax Collector (the "Tax Collector") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2014. Management is responsible for the Tax Collector's compliance with those requirements. Our responsibility is to express an opinion on the Tax Collector's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Tax Collector's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Tax Collector's compliance with specified requirements.

In our opinion, the Tax Collector complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

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

June 10, 2015

INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

Report on the Financial Statements

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, 2014, and have issued our report thereon dated June 10, 2015.

Auditor's Responsibility

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 Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 10, 2015, should be considered in conjunction with this management letter.

Prior Audit Findings

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 findings and recommendations made in the preceding annual financial audit report except as noted under the heading Prior Year Findings and Recommendations.

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

Official Title and Legal Authority

Section 10.554(1)(i)4, Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Jefferson County, Florida, Tax Collector was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Jefferson County, Florida, Tax Collector.

Other Matters

Section 10.554(1)(i)2, 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)3., 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.

Purpose of this Letter

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 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, 2015

Jefferson County, Florida
Tax Collector
Management's Response



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

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

Dear Sir/Madam:

Please accept this letter in response to the Independent Auditor's Report to management included in the audit report for the Jefferson County Tax Collector's Office for the fiscal year September 30, 2014. As a preliminary matter, please note that the Tax Collector's Office in and for the Jefferson county political subdivision is a small office with limited resources. Thus, the office must and does utilize its resources in the best manner possible to achieve consistent and accurate results. As for the particular findings, please find my response below:

Tag Account Reconciliation TC14-01

Due to my Office's limited staff and the volume of transactions processed, the reconciliation of the tag account can be delayed. However, my office has contracted with a Certified Public Accountant to assist in providing additional services to ensure that all fees are timely disbursed and the tag accounts are timely reconciled and to train an employee to perform these services in the future. Therefore, this condition is being corrected.

Need for Segregation of Duties – TC 08-01

As the audit recommendation acknowledges, due to its size and daily workload, my office has cross-trained staff so that my staff has expertise on a variety of the state-law duties performed by the Tax Collectors office. However, my office recognizes that the cost of the internal controls cannot exceed the benefit of such internal controls. Nonetheless, my office has and will continue to monitor the responsibilities of the finance clerks to ensure that all procedures are adhered to. Therefore, this condition is being corrected.

Preparation of GAAP based Financial Statements – TC 08-02

The issue of GAAP is noted. However, my office's budget does not allow for the hiring of an in-house professional accountant to handle the financial statements and the everyday workload of the Tax Collector's office. Therefore, my office has and will continue to contract with a Certified Public Accountant in preparing these annual financial statements and note disclosures as recommended.

Although my office remains limited in resources, my office will continue to be diligent in the performance of my duties and will make all efforts to continue to ensure the conditions remain corrected. Thank you for your attention and please do not hesitate to contact me should you have any further questions, comments or concerns.

Sincerely,

Lois Howell-Hunter
Jefferson County Tax Collector