

# Jefferson County, Florida

## Financial Statements

September 30, 2015



**CRI** CARR  
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**Jefferson County, Florida  
FINANCIAL STATEMENTS  
September 30, 2015**

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**SUPERVISOR OF ELECTIONS  
Marty Bishop**

**COUNTY ATTORNEY  
T. Buckingham Bird**

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

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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, 2015, 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, 2015, 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.

## **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 4.8 and other required supplementary information as listed in the table of contents to 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 30, 2016, 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.

#### **Change in Accounting Principle**

As discussed in Note 21 to the financial statements, effective October 1, 2014, the County adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27 and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

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

June 30, 2016



**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, 2015. 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 \$109,924, or .7%. The County does not have any business-type activities.
- During the year, the County's program and general revenues were \$19,914,359. An increase of over \$2.9 million from the prior year.
- The County's expenses increased by approximately \$3 million over the preceding year (an increase of 18%).
- The millage rate remained at 8.3114 mills.

### **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 \$109,924 before the new GASB 68 pronouncement change in account principal (See Note 21). Our analysis is detailed below regarding Table 1, net position and Table 2, changes in net position.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, decreased by \$3,899,607 over the prior year due to the implementation of GASB 68. Restricted net position decreased by \$3,082,727 (or 57%) from the prior year.

The County's total revenue increased by 17%, or \$2,937,564 during the year and total expenses increased by 18%, or \$3,000,383. The county experienced a drop in the amount of grants it accepted and in charges for services. Tax revenues also dropped from the prior year.

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

**Table 1  
Net Assets**

	<b>Governmental Activities</b>	
	<b>09/30/15</b>	<b>09/30/14</b>
Cash and other assets	\$ 7,220,155	\$ 8,979,782
Capital assets - net	16,117,767	14,766,248
<b>Total assets</b>	<b>23,337,922</b>	<b>23,746,030</b>
Deferred outflows	3,048,178	1,023,806
Long-term debt outstanding	13,698,271	7,721,273
Other liabilities	731,783	4,653,582
<b>Total liabilities</b>	<b>14,430,054</b>	<b>12,374,855</b>
Deferred inflows	2,411,506	2,960,365
Net assets:		
Invested in capital assets, net of debt	9,297,655	7,558,745
Restricted	2,296,800	5,379,527
Unrestricted	(2,049,915)	(3,503,656)
<b>Total net assets</b>	<b>\$ 9,544,540</b>	<b>\$ 9,434,616</b>

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

**Table 2  
Changes in Net Assets**

	<b>Governmental Activities</b>	
	<b>09/30/15</b>	<b>09/30/14</b>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 1,944,155	\$ 2,152,475
Federal and state grants	4,374,924	2,328,922
General revenues:		
Property and other taxes	10,024,329	9,878,282
Intergovernmental revenues	-	-
Other general revenues	3,570,951	2,617,116
<b>Total revenues</b>	<b>19,914,359</b>	<b>16,976,795</b>
<b>Program expenses:</b>		
General government	4,545,865	4,266,284
Transportation	5,345,855	2,959,744
Public safety and judiciary	7,088,883	6,854,022
Health and sanitation	1,434,927	1,518,165
Economic development	461,792	331,144
Culture, recreation and agriculture	792,033	719,503
Interest on long-term debt	135,080	155,190
<b>Total program expenses</b>	<b>19,804,435</b>	<b>16,804,052</b>
<b>Increase (decrease) in net assets</b>	<b>109,924</b>	<b>172,743</b>
Net position, beginning as previously reported	9,434,616	14,615,221
Change in accounting principal	-	(5,353,348)
Net position, beginning as restated	9,434,616	9,261,873
Net position, ending	\$ 9,544,540	\$ 9,434,616

## THE COUNTY'S FUNDS

The County's governmental funds (as presented in the balance sheet on page 7) reported a *combined* fund balance of \$6.5 million, which is a decrease of \$1.8 million over the prior year. Included in this year's total change in fund balance is an increase of \$2.3 million in the County's general fund balance. In addition, these other changes in fund balances should be noted:

- The transportation fund incurred an increase in fund balance of \$36,330.
- The capital projects fund incurred a decrease in fund balance of \$655,597.
- The fines and forfeitures fund incurred a decrease in fund balance of \$2,403,304.
- The Landfill fund incurred a decrease in fund balance of \$564,361.
- The debt service fund incurred a decrease in fund balance of \$202,770.

### 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 \$16.118 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 approximately \$1.36 million net of depreciation. 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)**

	<u>Governmental Activities</u>	
	<u>09/30/15</u>	<u>09/30/14</u>
Land	\$ 1,737,456	\$ 1,681,922
Buildings & Improvements	5,869,445	4,574,832
Equipment	2,882,750	2,562,330
Infrastructure	5,338,998	2,586,676
Construction in progress	289,118	3,360,488
<b>Totals</b>	<b>\$ 16,117,767</b>	<b>\$ 14,766,248</b>

Major additions for the year were heavy equipment, a fire station, solid waste building and road paving. Infrastructure includes all the County roads and bridges. Major deletions were disposition of equipment.

**Debt**

The County had various installment purchase obligations of \$1,139,772, notes payable of \$1,440,340 and revenue bonds of \$4,240,000 outstanding at the end of the 2015 fiscal year, a decrease of \$197,391 as shown in Table 4.

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

	<u>Governmental Activities</u>	
	<u>09/30/15</u>	<u>09/30/14</u>
Installment obligations	\$ 1,139,772	\$ 1,085,642
Notes payable	1,440,340	1,691,861
Revenue and gas tax bonds	4,430,000	4,430,000
<b>Totals</b>	<b>\$ 7,010,112</b>	<b>\$ 7,207,503</b>

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 2020. The note payable is dated February 2014 and bears interest at 1.84%. The Gas Tax Bonds are dated December 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.



# **FINANCIAL STATEMENTS**

## Jefferson County, Florida Statement of Net Position

<i>September 30, 2015</i>	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 3,625,170
Restricted cash and cash equivalents	2,007,367
Accounts receivable	239,964
Internal balances - due from agency funds	205,701
Due from other governmental units	1,046,709
Inventory	95,244
Capital assets, net	
Nondepreciable capital assets	2,026,574
Depreciable capital assets, net	14,091,193
<b>Total assets</b>	<b>23,337,922</b>
<b>Deferred outflows of resources</b>	
Pension	3,048,178
<b>Total deferred outflows of resources</b>	<b>3,048,178</b>
<b>Liabilities</b>	
Accounts payable and accrued expenses	506,606
Due to other agency	9,073
Deferred revenue	179,196
Accrued interest payable	36,908
Long-term liabilities	
Portion due or payable within one year	
Capital lease obligations	398,314
Public improvement revenue bonds payable	195,000
Notes payable	256,255
Landfill closure and post-closure costs	52,997
Portion due or payable after one year	
Capital lease obligations	741,458
Public improvement revenue bonds payable	4,045,000
Notes payable	1,184,085
Compensated absences	438,045
Other post-employment benefit obligation	386,000
Landfill closure and post-closure costs	265,717
Net pension liability	5,735,400
<b>Total liabilities</b>	<b>14,430,054</b>
<b>Deferred inflows of resources</b>	
Pension	2,411,506
<b>Total deferred inflows of resources</b>	<b>2,411,506</b>
<b>Net position</b>	
Invested in capital assets, net of related debt	9,297,655
Restricted	2,296,800
Unrestricted	(2,049,915)
<b>Total net position</b>	<b>\$ 9,544,540</b>

*See accompanying notes to financial statements*

## Jefferson County, Florida Statement of Activities

For the year ended September 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
					Governmental Activities
<b>Primary government</b>					
<b>Governmental activities</b>					
General government	\$ 3,753,762	\$ 1,197,113	\$ 142,451	\$ -	\$ (2,414,198)
Public safety	5,790,114	680,508	173,573	1,248	(4,934,785)
Fire safety	764,494	-	-	-	(764,494)
Physical environment	464,267	-	-	-	(464,267)
Health and sanitation	1,434,927	66,534	147,118	-	(1,221,275)
Transportation	5,345,855	-	3,501,098	-	(1,844,757)
Economic development	461,792	-	328,397	50,000	(83,395)
Human services	327,836	-	-	-	(327,836)
Culture and recreation	544,080	-	-	-	(544,080)
Agriculture	247,953	-	-	-	(247,953)
Court related	534,275	-	31,039	-	(503,236)
Interest on long-term debt	135,080	-	-	-	(135,080)
<b>Total primary government</b>	<b>\$ 19,804,435</b>	<b>\$ 1,944,155</b>	<b>\$ 4,323,676</b>	<b>\$ 51,248</b>	<b>(13,485,356)</b>
<b>General revenues</b>					
Taxes					
Property taxes					
4,297,495					
Local option taxes					
1,549,623					
Sales tax, other taxes and shared revenue					
4,177,211					
Investment earnings					
9,493					
Miscellaneous					
3,561,458					
<b>Total general revenues</b>					
<b>13,595,280</b>					
<b>Change in net position</b>					
<b>109,924</b>					
<b>Net position, beginning as previously reported</b>					
<b>14,787,964</b>					
<b>Change in accounting principle</b>					
<b>(5,353,348)</b>					
<b>Net position, beginning as restated</b>					
<b>9,434,616</b>					
<b>Net position, ending</b>					
<b>\$ 9,544,540</b>					

See accompanying notes to financial statements

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

September 30, 2015

	General Fund	Transportation	Capital Projects	Fines and Forfeitures	Landfill	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>								
Cash and cash equivalents	\$ 3,158,745	\$ -	\$ -	\$ 466,386	\$ -	\$ -	\$ 39	\$ 3,625,170
Restricted cash and cash equivalents	318,634	577,155	500,018	-	-	310,000	301,560	2,007,367
Accounts receivable	239,964	-	-	-	-	-	-	239,964
Due from other funds	114,351,633	2,916,657	-	49,483,809	24,881,949	4,722,133	12,860,202	209,216,383
Due from agency funds	205,701	-	-	-	-	-	-	205,701
Due from other governmental units	865,155	175,416	-	50,861	2,567	-	22,984	1,116,983
Inventory	-	95,244	-	-	-	-	-	95,244
<b>Total assets</b>	<b>\$ 119,139,832</b>	<b>\$ 3,764,472</b>	<b>\$ 500,018</b>	<b>\$ 50,001,056</b>	<b>\$ 24,884,516</b>	<b>\$ 5,032,133</b>	<b>\$ 13,184,785</b>	<b>\$ 216,506,812</b>
<b>Liabilities</b>								
Accounts payable and accrued expenses	\$ 369,468	\$ 101,159	\$ -	\$ 26	\$ 35,710	\$ -	\$ 243	\$ 506,606
Interest payable	-	-	-	-	-	36,908	-	36,908
Due to other funds	112,830,854	3,314,859	579,621	50,714,874	24,571,317	5,171,616	12,033,242	209,216,383
Due to other governmental units	70,274	-	-	-	-	-	-	70,274
Due to other agency	9,073	-	-	-	-	-	-	9,073
Deferred revenue	172,663	-	-	-	1,611	-	4,922	179,196
<b>Total liabilities</b>	<b>113,452,332</b>	<b>3,416,018</b>	<b>579,621</b>	<b>50,714,900</b>	<b>24,608,638</b>	<b>5,208,524</b>	<b>12,038,407</b>	<b>210,018,440</b>
<b>Fund balances</b>								
Nonspendable	-	95,244	-	-	-	-	-	95,244
Restricted	318,634	253,210	-	-	275,878	-	1,449,078	2,296,800
Unassigned	5,368,866	-	(79,603)	(713,844)	-	(176,391)	(302,700)	4,096,328
<b>Total fund balances</b>	<b>5,687,500</b>	<b>348,454</b>	<b>(79,603)</b>	<b>(713,844)</b>	<b>275,878</b>	<b>(176,391)</b>	<b>1,146,378</b>	<b>6,488,372</b>
<b>Total liabilities and fund balances</b>	<b>\$ 119,139,832</b>	<b>\$ 3,764,472</b>	<b>\$ 500,018</b>	<b>\$ 50,001,056</b>	<b>\$ 24,884,516</b>	<b>\$ 5,032,133</b>	<b>\$ 13,184,785</b>	<b>\$ 216,506,812</b>

*See accompanying notes to financial statements*

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

*September 30, 2015*

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

Total fund balances – governmental funds	\$ 6,488,372
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the governmental funds.	16,117,767
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources - pensions	3,048,178
Deferred inflows of resources - pensions	(2,411,506)
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	(13,698,271)
<hr/>	
Net position of governmental activities	<hr/> <hr/> \$ 9,544,540

*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, 2015*

	General Fund	Transportation	Capital Projects	Fines and Forfeitures
<b>Revenues</b>				
Taxes	\$ 4,237,108	\$ 1,853,072	\$ -	\$ 910,726
Licenses and permits	139,187	-	-	-
Intergovernmental	2,849,451	-	-	-
Grants	3,750,029	-	-	171,123
Charges for services	1,197,113	-	-	2,020
Fines and forfeitures	349,026	-	-	190,275
Investment earnings	6,847	1,402	287	1,030
Other fees and miscellaneous revenues	1,201,138	199,835	58,784	-
<b>Total revenues</b>	<b>13,729,899</b>	<b>2,054,309</b>	<b>59,071</b>	<b>1,275,174</b>
<b>Expenditures</b>				
Current:				
General government	3,487,674	(3,981)	-	-
Public health and safety	5,313,417	-	-	116,163
Fire safety	-	-	-	-
Physical environment	67,846	-	-	-
Health and sanitation	-	-	-	-
Transportation	3,501,098	1,726,835	1,804	-
Economic development	21,524	-	-	-
Human services	327,836	-	-	-
Culture and recreation	528,575	-	-	-
Agriculture	250,499	-	-	-
Court related	534,275	-	-	-
Capital outlay	970,867	196,954	712,964	181,002
Debt service				
Principal	6,477	-	-	-
Interest and other charges	255	-	-	-
<b>Total expenditures</b>	<b>15,010,343</b>	<b>1,919,808</b>	<b>714,768</b>	<b>297,165</b>
Excess (deficiency) of revenues over (under) expenditures	(1,280,444)	134,501	(655,697)	978,009
<b>Other financing sources (uses)</b>				
Transfers in	4,351,373	-	-	681,073
Transfers out	(753,048)	(295,125)	-	(4,062,386)
Debt proceeds	-	196,954	-	-
<b>Net other financing sources (uses)</b>	<b>3,598,325</b>	<b>(98,171)</b>	<b>-</b>	<b>(3,381,313)</b>
<b>Net changes in fund balances</b>	<b>2,317,881</b>	<b>36,330</b>	<b>(655,697)</b>	<b>(2,403,304)</b>
<b>Fund balances - beginning</b>	<b>3,369,619</b>	<b>312,124</b>	<b>576,094</b>	<b>1,689,460</b>
<b>Fund balances - ending</b>	<b>\$ 5,687,500</b>	<b>\$ 348,454</b>	<b>\$ (79,603)</b>	<b>\$ (713,844)</b>

*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, 2015*

	Landfill	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ 7,000,906
Licenses and permits	-	-	-	139,187
Intergovernmental	-	-	173,972	3,023,423
Grants	123,657	-	330,115	4,374,924
Charges for services	66,534	-	-	1,265,667
Fines and forfeitures	-	-	-	539,301
Investment earnings	(389)	276	40	9,493
Other fees and miscellaneous revenues	1,319,838	-	781,863	3,561,458
<b>Total revenues</b>	<b>1,509,640</b>	<b>276</b>	<b>1,285,990</b>	<b>19,914,359</b>
<b>Expenditures</b>				
Current:				
General government	-	277	-	3,483,970
Public health and safety	-	-	84,688	5,514,268
Fire safety	-	-	764,494	764,494
Physical environment	-	-	-	67,846
Health and sanitation	1,482,071	-	-	1,482,071
Transportation	-	-	-	5,229,737
Economic development	-	-	440,268	461,792
Human services	-	-	-	327,836
Culture and recreation	-	-	-	528,575
Agriculture	-	-	-	250,499
Court related	-	-	-	534,275
Capital outlay	580,947	-	90,867	2,733,601
Debt service	-	-	-	-
Principal	-	435,044	-	441,521
Interest and other charges	-	134,825	-	135,080
<b>Total expenditures</b>	<b>2,063,018</b>	<b>570,146</b>	<b>1,380,317</b>	<b>21,955,565</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(553,378)</b>	<b>(569,870)</b>	<b>(94,327)</b>	<b>(2,041,206)</b>
<b>Other financing sources (uses)</b>				
Transfers in	-	367,100	-	5,399,546
Transfers out	(10,983)	-	(278,004)	(5,399,546)
Debt proceeds	-	-	-	196,954
<b>Net other financing sources (uses)</b>	<b>(10,983)</b>	<b>367,100</b>	<b>(278,004)</b>	<b>196,954</b>
<b>Net changes in fund balances</b>	<b>(564,361)</b>	<b>(202,770)</b>	<b>(372,331)</b>	<b>(1,844,252)</b>
<b>Fund balances - beginning</b>	<b>840,239</b>	<b>26,379</b>	<b>1,518,709</b>	<b>8,332,624</b>
<b>Fund balances - ending</b>	<b>\$ 275,878</b>	<b>\$ (176,391)</b>	<b>\$ 1,146,378</b>	<b>\$ 6,488,372</b>

*See accompanying notes to financial statements*

**Jefferson County, Florida**

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

*For the year ended September 30, 2015*

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

Net change in fund balances - total governmental funds	\$	(1,844,252)
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of net position.		2,733,601
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.		(1,382,082)
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.		584,345
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.		(196,954)
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.		(60,000)
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		47,144
Pension expenses		254,620
Compensated absences		(26,498)
Change in net position	\$	109,924

*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, 2015*

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 4,527,858	\$ 4,527,858	\$ 4,237,108	\$ (290,750)
Licenses and permits	137,500	137,500	139,187	1,687
Intergovernmental	2,731,674	2,731,674	2,849,451	117,777
Grants	2,641,421	2,641,421	3,750,029	1,108,608
Charges for services	1,371,424	1,371,424	1,197,113	(174,311)
Fines and forfeitures	326,084	326,084	349,026	22,942
Investment earnings	20,000	20,000	6,847	(13,153)
Other fees and miscellaneous revenues	51,000	51,000	1,201,138	1,150,138
<b>Total revenues</b>	<b>11,806,961</b>	<b>11,806,961</b>	<b>13,729,899</b>	<b>1,922,938</b>
<b>Expenditures</b>				
Current:				
General government	5,488,875	3,601,874	3,487,674	114,200
Public health and safety	6,123,262	5,090,966	5,313,417	(222,451)
Physical environment	186,066	93,033	67,846	25,187
Transportation	3,885,592	1,942,796	3,501,098	(1,558,302)
Economic environment	40,540	20,270	21,524	(1,254)
Human services	725,336	362,668	327,836	34,832
Culture and recreation	996,140	498,070	528,575	(30,505)
Agriculture	497,260	248,630	250,499	(1,869)
Court related	586,195	517,727	534,275	(16,548)
Capital outlay	696,677	627,148	970,867	(343,719)
Debt service	6,732	6,732	6,732	-
<b>Total expenditures</b>	<b>19,232,675</b>	<b>13,009,914</b>	<b>15,010,343</b>	<b>(2,000,429)</b>
Excess (deficiency) of revenues over (under) expenditures	(7,425,714)	(1,202,953)	(1,280,444)	(77,491)
<b>Other financing sources (uses)</b>				
Transfers in	4,083,963	4,333,963	4,351,373	17,410
Transfers out	(2,965,281)	(2,946,403)	(753,048)	2,193,355
Net other financing sources (uses)	1,118,682	1,387,560	3,598,325	2,210,765
<b>Net change in fund balance</b>	<b>(6,307,032)</b>	<b>184,607</b>	<b>2,317,881</b>	<b>2,133,274</b>
<b>Fund balance - beginning</b>	<b>3,369,619</b>	<b>3,369,619</b>	<b>3,369,619</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ (2,937,413)</b>	<b>\$ 3,554,226</b>	<b>\$ 5,687,500</b>	<b>\$ 2,133,274</b>

*See accompanying notes to financial statements*

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

*For the year ended September 30, 2015*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 1,782,407	\$ 1,782,407	\$ 1,853,072	\$ 70,665
Intergovernmental	-	-	-	-
Investment earnings	-	-	1,402	1,402
Other fees and miscellaneous revenues	273,850	273,850	199,835	(74,015)
<b>Total revenues</b>	<b>2,056,257</b>	<b>2,056,257</b>	<b>2,054,309</b>	<b>(1,948)</b>
<b>Expenditures</b>				
Current:				
General government	-	-	(3,981)	3,981
Transportation	1,442,757	1,442,757	1,726,835	(284,078)
Capital outlay	316,475	513,429	196,954	316,475
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Reserve for contingencies	-	-	-	-
<b>Total expenditures</b>	<b>1,759,232</b>	<b>1,956,186</b>	<b>1,919,808</b>	<b>36,378</b>
Excess (deficiency) of revenues over (unde	297,025	100,071	134,501	34,430
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	(297,025)	(297,025)	(295,125)	1,900
Debt proceeds	-	196,954	196,954	-
Net other financing sources (uses)	(297,025)	(100,071)	(98,171)	1,900
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>36,330</b>	<b>36,330</b>
<b>Fund balance - beginning</b>	<b>312,124</b>	<b>312,124</b>	<b>312,124</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 312,124</b>	<b>\$ 312,124</b>	<b>\$ 348,454</b>	<b>\$ 36,330</b>

*See accompanying notes to financial statements*

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

*For the year ended September 30, 2015*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Investment earnings	\$ -	\$ -	\$ 287	\$ 287
Other fees and miscellaneous revenues	-	-	58,784	58,784
<b>Total revenues</b>	-	-	59,071	59,071
<b>Expenditures</b>				
Current:				
Transportation	-	-	1,804	(1,804)
Capital outlay	-	1,000,000	712,964	287,036
<b>Total expenditures</b>	-	1,000,000	714,768	285,232
<b>Net change in fund balance</b>	-	(1,000,000)	(655,697)	344,303
<b>Fund balance - beginning</b>	576,094	576,094	576,094	-
<b>Fund balance - ending</b>	\$ 576,094	\$ (423,906)	\$ (79,603)	\$ 344,303

*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, 2015*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 928,982	\$ 928,982	\$ 910,726	\$ (18,256)
Grants	248,163	248,163	171,123	(77,040)
Charges for services	10,000	10,000	2,020	(7,980)
Fines and forfeitures	184,000	184,000	190,275	6,275
Investment earnings	500	500	1,030	530
<b>Total revenues</b>	<b>1,371,645</b>	<b>1,371,645</b>	<b>1,275,174</b>	<b>(96,471)</b>
<b>Expenditures</b>				
Current:				
Public health and safety	765,163	765,163	116,163	649,000
Capital outlay	-	-	181,002	(181,002)
<b>Total expenditures</b>	<b>765,163</b>	<b>765,163</b>	<b>297,165</b>	<b>467,998</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>606,482</b>	<b>606,482</b>	<b>978,009</b>	<b>371,527</b>
<b>Other financing sources (uses)</b>				
Transfers in	2,724,290	2,724,290	681,073	(2,043,217)
Transfers out	(3,620,772)	(3,620,772)	(4,062,386)	(441,614)
Debt proceeds	-	-	-	-
<b>Net other financing sources (uses)</b>	<b>(896,482)</b>	<b>(896,482)</b>	<b>(3,381,313)</b>	<b>(2,484,831)</b>
<b>Net changes in fund balances</b>	<b>(290,000)</b>	<b>(290,000)</b>	<b>(2,403,304)</b>	<b>(2,113,304)</b>
<b>Fund balances - beginning</b>	<b>1,689,460</b>	<b>1,689,460</b>	<b>1,689,460</b>	<b>-</b>
<b>Fund balances - ending</b>	<b>\$ 1,399,460</b>	<b>\$ 1,399,460</b>	<b>\$ (713,844)</b>	<b>\$ (2,113,304)</b>

*See accompanying notes to financial statements*

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

*For the year ended September 30, 2015*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Grants	\$ 90,909	\$ 90,909	\$ 123,657	\$ 32,748
Charges for services	80,000	80,000	66,534	(13,466)
Investment earnings	-	-	(389)	(389)
Other fees and miscellaneous revenues	1,387,572	1,387,572	1,319,838	(67,734)
<b>Total revenues</b>	<b>1,558,481</b>	<b>1,558,481</b>	<b>1,509,640</b>	<b>(48,841)</b>
<b>Expenditures</b>				
Current:				
Health and sanitation	1,719,098	1,719,098	1,482,071	237,027
Capital outlay	226,006	226,006	580,947	(354,941)
<b>Total expenditures</b>	<b>1,945,104</b>	<b>1,945,104</b>	<b>2,063,018</b>	<b>(117,914)</b>
Excess (deficiency) of revenues over (under) expenditures	(386,623)	(386,623)	(553,378)	(166,755)
<b>Other financing sources (uses)</b>				
Transfers out	-	-	(10,983)	(10,983)
<b>Net other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(10,983)</b>	<b>(10,983)</b>
<b>Net changes in fund balances</b>	<b>(386,623)</b>	<b>(386,623)</b>	<b>(564,361)</b>	<b>(177,738)</b>
<b>Fund balances - beginning</b>	<b>840,239</b>	<b>840,239</b>	<b>840,239</b>	<b>-</b>
<b>Fund balances - ending</b>	<b>\$ 453,616</b>	<b>\$ 453,616</b>	<b>\$ 275,878</b>	<b>\$ (177,738)</b>

*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, 2015*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Investment earnings			276	276
<b>Total revenues</b>	-	-	276	276
<b>Expenditures</b>				
Current:				
General government	\$ -	\$ -	\$ 277	\$ (277)
Debt service				
Principal	447,143	447,143	435,044	12,099
Interest and other charges	137,781	137,781	134,825	2,956
<b>Total expenditures</b>	584,924	584,924	570,146	14,778
Excess (deficiency) of revenues over (under) expenditures	(584,924)	(584,924)	(569,870)	15,054
<b>Other financing sources (uses)</b>				
Transfers in	584,924	584,924	367,100	(217,824)
<b>Net other financing sources (uses)</b>	584,924	584,924	367,100	(217,824)
<b>Net changes in fund balances</b>	-	-	(202,770)	(202,770)
<b>Fund balances - beginning</b>	26,379	26,379	26,379	-
<b>Fund balances - ending</b>	\$ 26,379	\$ 26,379	\$ (176,391)	\$ (202,770)

*See accompanying notes to financial statements*



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

*September 30, 2015*

	<b>Agency Funds</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,870,452
<b>Total assets</b>	<b>\$ 1,870,452</b>
<b>Liabilities</b>	
Due to other governments	\$ 1,368,639
Due to other funds	205,701
Due to others	296,112
<b>Total liabilities</b>	<b>\$ 1,870,452</b>

*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, 2015, 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 2015 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 \$7,502,989 and the bank balance was \$7,664,160. 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, 2015, the market value and the carrying value of these funds was \$324,152. The funds are recorded as a cash equivalent on the balance sheet at September 30, 2015 (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](http://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, 2015. 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, 2015, 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, 2015, is 29 days. Next interest rate reset for floating rate securities are used in the calculation of the WAM.

**Custodial Credit Risk**

At September 30, 2015, 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, 2015, 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 \$938,567 and are shown net of allowance of doubtful accounts and contractual adjustments of \$698,603. 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 \$255,000.

**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, 2015, consisted of the following:

<b>Transfers to General Fund from:</b>	
Fines and Forfeitures Fund	\$ 4,062,386
Landfill Fund	10,983
Nonmajor Governmental Funds	278,004
 <b>Transfers to Fines and Forfeitures Fund from:</b>	
General Fund	681,073
 <b>Transfers to Debt Service fund from:</b>	
General Fund	71,975
Transportation Trust Fund	295,125
<hr/>	
<b>Total interfund transfers</b>	<b>\$ 5,399,546</b>

The purpose of individual fund interfund receivable and payable balances at September 30, 2015 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, 2015, consisted of the following:

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ 114,351,633	\$ 112,830,854
Transportation Trust	2,916,657	3,314,859
Fines and Forfeitures Fund	49,483,809	50,714,874
Landfill fund	24,881,949	24,571,317
Debt Service Fund	4,722,133	5,171,616
Capital Projects	-	579,621
Nonmajor governmental funds		
Fire Assessment Fund	8,954,534	9,252,108
SHIP Trust Fund	3,289	-
Grant Fund	681,642	323,407
E-911 Fund	3,220,737	2,457,727
<b>Total</b>	<b>\$ 209,216,383</b>	<b>\$ 209,216,383</b>

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

**NOTE 7 - DUE FROM OTHER GOVERNMENTS**

Due from other governments consists of funds earned as of September 30, 2015, but not yet received by the County. The majority of these amounts were received in October and November 2015.

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

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2015, was as follows:

	<b>BEGINNING BALANCE</b>	<b>INCREASES</b>	<b>DECREASES</b>	<b>ENDING BALANCE</b>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land and improvements	\$ 1,681,922	\$ 55,534	\$ -	\$ 1,737,456
Construction in progress	3,360,488	1,071,504	4,142,874	289,118
<b>Total capital assets not being depreciated</b>	<b>5,042,410</b>	<b>1,127,038</b>	<b>4,142,874</b>	<b>2,026,574</b>
Capital assets being depreciated:				
Buildings and improvements	8,342,204	1,536,097	-	9,878,301
Equipment	9,359,632	880,443	619,881	9,620,194
Equipment - Sheriff	2,072,105	360,145	-	2,432,250
Roads	28,734,347	2,972,752	-	31,707,099
<b>Total capital assets being depreciated</b>	<b>48,508,288</b>	<b>5,749,437</b>	<b>619,881</b>	<b>53,637,844</b>
Less: Total accumulated depreciation	38,784,450	1,382,082	619,881	39,546,651
<b>Total capital assets being depreciated, net</b>	<b>9,723,838</b>	<b>4,367,355</b>	<b>-</b>	<b>14,091,193</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 14,766,248</b>	<b>\$ 5,494,393</b>	<b>\$ 4,142,874</b>	<b>\$ 16,117,767</b>

Depreciation expense was charged to functions as follows:

<b>Governmental activities</b>	
General government	\$ 307,241
Public safety	373,419
Physical environment	406,605
Transportation	274,220
Culture and recreation	20,597
<b>Total depreciation expense-governmental activities</b>	<b>\$ 1,382,082</b>

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

**NOTE 9 - LONG-TERM DEBT**

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 2020.

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, 2015, was as follows:

	BEGINNING			ENDING		DUE
	BALANCE	ADDITIONS	REDUCTIONS	BALANCE	WITHIN	ONE YEAR
<b>Governmental activities:</b>						
Revenue bonds	\$ 4,430,000	\$ -	\$ 190,000	\$ 4,240,000	\$	195,000
Note payable	1,691,861	-	251,521	1,440,340		256,255
Capital lease obligations	1,085,642	196,954	142,824	1,139,772		398,314
Compensated absences	411,547	31,107	4,609	438,045		-
Landfill closure and post-closure costs	365,858	-	47,144	318,714		52,997
<b>Total</b>	<b>\$ 7,984,908</b>	<b>\$ 228,061</b>	<b>\$ 636,098</b>	<b>\$ 7,576,871</b>	<b>\$</b>	<b>902,566</b>

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

**NOTE 9 - LONG-TERM DEBT (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, 2015 are as follows:

FISCAL YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES			
	REVENUE BONDS		CAPITAL LEASE OBLIGATIONS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2016	\$ 195,000	\$ 103,225	\$ 398,314	\$ 23,419
2017	200,000	99,325	173,420	18,193
2018	200,000	95,325	168,594	13,654
2019	205,000	91,325	270,674	7,726
2020	210,000	87,225	128,770	230
2021-2025	1,125,000	363,295	-	-
2026-2030	1,260,000	226,989	-	-
2031-2035	845,000	51,150	-	-
Total	\$ 4,240,000	\$ 1,117,859	\$ 1,139,772	\$ 63,222

FISCAL YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES	
	NOTES PAYABLE	
	PRINCIPAL	INTEREST
2016	\$ 256,255	\$ 24,658
2017	254,621	20,027
2018	259,340	15,309
2019	264,144	10,505
2020	269,037	5,610
2021-2025	136,943	941
Total	\$ 1,440,340	\$ 77,050

**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 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY**

All regular employees of the County are covered by the Florida Retirement System (FRS) Pension Plan and Retiree Health Insurance Subsidy (HIS) Program, two defined benefit plans administered by the Florida Department of Management Services, Division of Retirement. The Florida legislature has the authority to establish and amend retirement legislation and related bills of significance to members of the FRS and HIS plans (including benefit terms and contribution rates). Passed bills are presented to the Governor of Florida and approved before they may be enacted into law.

***Plan Descriptions and Contribution Requirements***

*Florida Retirement System Pension Plan (FRS)*

The FRS is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapters 121, Florida Statutes. FRS membership is compulsory for employers filing regularly established positions in a state agency, country agency, state university, state community college, or County school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special District's, charter schools and metropolitan planning organizations is optional.

The FRS has several classes of membership applicable to the County, including regular class, senior management, elected County official class, and DROP. Retirees receive a lifetime pension benefit with joint and survivor payment options. The FRS provides retirement, disability, and death benefits and annual cost-of-living adjustments. Benefits vest at six years, or number of years of service. The FRS also includes an early retirement provision, but imposes a penalty for each year a member retires before the specified retirement age. Benefits are computed on the basis of age, average final compensation and service credit.

DROP was established effective July 1, 1998, subject to provisions of Section 121.091, Florida Statutes. It permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payment while continuing employment with a Florida Retirement system employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the Florida Retirement System Trust Fund and accrue interest.

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

**NOTE 10 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (CONTINUED)**

*Retiree Health Insurance Subsidy Program (HIS)*

The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 122.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. For the fiscal year end June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$160 per month, pursuant to section 122.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

The FRS and HIS financial information is included in the Florida Retirement System (System) Pension Plan and Other State-Administered Systems' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. The System CAFR, including audited financial information to support the Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, are available online at: [http://dms.myflorida.com/workforce\\_operations/retirement/publications](http://dms.myflorida.com/workforce_operations/retirement/publications).

The System CAFR and actuarial reports may also be obtained by contacting the Division of Retirement at:

Department of Management Services  
Division of Retirement  
Bureau of Research and Member Contributions  
P.O. Box 9000  
Tallahassee, FL 32315-9000  
850-488-5706 or toll-free 877-377-1737

***Contributions Requirements***

The contribution rates for FRS and HIS members are established, and may be amended, by the State of Florida. The County is required to contribute at an actuarially determined rate. These rates are percentages of annual covered payroll. The FRS and HIS contribution rates were as follows:

Class or Plan	Year ended September 30,		
	2015	2014	2013
Florida Retirement System:			
Regular	7.37%	6.95%	5.18%
County Elected Officers	43.24%	33.03%	10.23%
Senior Management Service Class	21.14%	18.31%	6.30%
Special Risk	19.82%	19.06%	14.90%
DROP	12.28%	12.84%	5.44%

Rates include 1.66% for HIS, and 0.04% for Administrative fee for 2015; 1.26% for HIS and .04% for Administrative fee for 2014.



**NOTE 10 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (CONTINUED)**

Employees contribute 3% of their salary, except for members of DROP.

The County's contributions recognized during the fiscal year ended June 30, 2015 by the FRS and HIS were \$182,666 and \$24,343 respectively.

***FRS and HIS Collective Net Pension Liability***

**Basis for Accounting**

Information about the FRS and HIS assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position can be found in the System CAFR. The System CAFR is available online or can be obtained as mentioned previously. The FRS and HIS fiduciary net position and additions to/deductions from the fiduciary net position have been determined based on the System's records, which utilize the flow of economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable. Investments are reported at fair value. Contributions are recognized as revenue when due, pursuant to statutory and contractual requirements. There have been no significant changes since the publication of the System CAFR.

**Actuarial Methods and Assumptions**

Actuarial assumptions for both the FRS and HIS are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually and the HIS has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2014 for the period July 1, 2008 through June 30, 2013. Because the HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for the FRS and HIS was determined by an actuarial valuation as of July 1, 2015 using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth for both plans is assumed at 3.25%. Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables. Both the discount rate and long-term expected rate of return used for FRS investments is 7.65%. The FRS fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because the HIS program uses a pay-as-you-go funding structure, a municipal bond rate of 3.80% was used to determine its total pension liability. In September 2014, the Actuarial Assumptions Conference adopted the Bond Buyer General Obligation 20-Bond Municipal Bond Index as the applicable municipal bond index. As of June 30, 2015, the FRS long-term rate of return remained unchanged at 7.65% and the municipal rate used by HIS decreased from 4.29% to 3.80%. The inflation rate assumption was unchanged at 2.60%, the real payroll growth assumption was decreased from 1.00% to 0.65%, and the overall payroll growth rate assumption was decreased from 4.00% to 3.25%.

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

**NOTE 10 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (CONTINUED)**

Long-term Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2015 the FRS Actuarial Assumption Conference reviewed assumptions by Milliman's capital markets assumption team and by a capital market assumptions team from Aon Hewitt Investment Consulting. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Annual Arithmetic Return</b>
Cash	1.00%	3.20%
Fixed Income	18.00%	4.80%
Global Equity	53.00%	8.50%
Real Estate (Property)	10.00%	6.80%
Private Equity	6.00%	11.90%
Strategic Investments	12.00%	6.70%
<b>Total</b>	<b>100.00%</b>	

***County's Share of Net Pension Liability***

Employers participating in the FRS and HIS were provided pension allocation schedules for use in recording their proportionate share of the FRS and HIS net pension liability in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. The underlying financial information used to prepare the pension allocation schedules is based on the same basis as mentioned previously.

At September 30, 2015, the County reported a net pension liability of \$5,735,400 for its proportionate share of the collective net pension liability of the FRS and HIS. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations dated July 1, 2015.

The County's proportionate share was calculated using accrued retirement contributions for employees that were members of the FRS and HIS during fiscal years 2013-14 and 2014-15. The aggregate employer contribution amounts for the year ended June 30, 2014 agree to the employer contribution amounts reported in the State of Florida CAFR. The aggregate employer contribution amounts for the fiscal year ended June 30, 2015 agree to the employer contribution amounts reported in the System CAFR.

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

**NOTE 10 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (CONTINUED)**

The County's proportionate share was applied to the collective net pension liability of FRS and HIS and other pension amounts applicable to the fiscal year to calculate the County's proportionate share of the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense. The following table presents information on the County's proportionate share of the FRS and HIS.

	<b>FRS</b>	<b>HIS</b>	<b>County Total</b>
Proportionate Share of Net Pension			
Liability at June 30, 2015	\$ 3,809,280	\$ 1,926,120	\$ 5,735,400
County's proportion at June 30, 2015	0.0002950	0.0001890	0.0004840
County's proportion at June 30, 2014	0.0002750	0.0001860	0.0004610
Change in proportion during current year	0.0000200	0.0000030	0.0000230

For the year ended September 30, 2015, the County recognized pension expense of \$548,715. At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

<b>Description</b>	<b>FRS</b>	<b>HIS</b>	<b>County Total</b> Deferred Outflow/ (Deferred Inflow)
Differences between expected and actual experience	\$ 311,802	\$ -	\$ 311,802
Change of assumption	252,835	151,535	404,370
Net difference between projected and actual investment earnings	(909,592)	1,043	(908,549)
Changes in proportion	636,684	(14,644)	622,040
County contributions subsequent to the measurement date	182,666	24,343	207,009
<b>Total</b>	<b>\$ 474,395</b>	<b>\$ 162,277</b>	<b>\$ 636,672</b>

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

**NOTE 10 - STATE RETIREMENT PROGRAM AND NET PENSION LIABILITY (CONTINUED)**

Deferred outflows of resources of \$207,009 are reported by the County for employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<i>Fiscal Year Ending June 30,</i>	FRS	HIS	County Total
			Deferred Outflow/ (Deferred Inflow)
2016	\$ (733)	\$ 22,340	\$ 21,607
2017	(733)	22,340	21,607
2018	(733)	22,340	21,607
2019	(733)	22,339	21,606
2020	226,665	22,079	248,744
Thereafter	67,996	26,496	94,492
<b>Total</b>	<b>\$ 291,729</b>	<b>\$ 137,934</b>	<b>\$ 429,663</b>

**Discount Rate Sensitivity Analysis**

The following tables demonstrate the sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate. The sensitivity shows the impact if the discount rate was 1.0% higher or 1.0% lower than the current discount rate at June 30, 2015.

FRS Net Pension Liability			HIS Net Pension Liability		
Current			Current		
1% Decrease	Discount Rate	1% Increase	1% Decrease	Discount Rate	1% Increase
6.65%	7.65%	8.65%	2.80%	3.80%	4.80%
\$ 9,870,707	\$ 3,809,280	\$ (1,234,822)	\$ 2,194,724	\$ 1,926,120	\$ 1,702,144

**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, 2015, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the County's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined, although the County expects such amounts, if any, to be immaterial.

**NOTE 12 - FUND EQUITY**

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

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

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

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

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

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

The County had \$95,244 in non-spendable net position which represents the inventory balance at September 30, 2015.

**Restricted Fund Balance:**

<b>Funds</b>	<b>Purpose</b>		
General Fund	Funding for:		
	Landfill escrow	\$	130,524
	Medical impact fees		61,655
	Tourist development tax		55,404
	Fire impact fees		42,935
	Mosquito Control		28,116
	<b>Total general fund</b>		<b>\$</b>
Special Revenue Fund	Funding for:		
	Transporation		253,210
	Landfill		275,878
	Nonmajor governmental funds		
	E-911	785,994	
	Grants	533,152	
	SHIP trust	129,932	
<b>Total nonmajor governmental funds</b>			<b>1,449,078</b>
<b>Total restricted fund balance</b>		<b>\$</b>	<b>2,296,800</b>

**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, 2015, was \$130,524.

**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, 2015, there were no terminated employees entitled to benefits but not yet receiving them. The membership of the Plan consisted of:

Active employees	142
Retirees and beneficiaries currently receiving benefits	18
<b>Total membership</b>	<b>160</b>
<hr/>	
Participating employers	1
<hr/>	

**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 2015 was \$46,468. The chart below shows the cost of the monthly retiree premiums at September 30, 2015.

<b>Coverage</b>	<b>Capital Health Plan</b>
Retiree	\$ 249.10
Retiree & Spouse (Medicare)	\$ 498.20
Retiree & Spouse (Non-Medicare)	\$ 816.94
Family	\$ 1,096.22

**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,	<b>2015</b>
Annual required contribution	\$ 113,000
Interest on prior year net OPEB obligation	13,000
Adjustments to annual required contribution	(28,000)
Annual OPEB costs	98,000
Estimated employer contribution made	(37,000)
Estimated employer contribution made	(1,000)
Increase (decrease) in net OPEB obligation	60,000
Net OPEB obligation, beginning of year	326,000
Estimated net OPEB obligation, end of year	\$ 386,000

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2015 and the prior two (2) years were as follows:

Fiscal Year Ended	Annual OPEB Costs	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/2013	\$ 85,000	22.0%	\$ 260,000
9/30/2014	\$ 87,000	24.0%	\$ 326,000
9/30/2015	\$ 98,000	39.0%	\$ 386,000

**Funded Status and Funding Progress** – As of September 30, 2015, the actuarial accrued liability of \$619,000 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%
7/1/2013	\$	-	\$ 482,000	\$ 482,000	0.00%	\$ 6,385,000	7.5%
4/1/2015	\$	-	\$ 619,000	\$ 619,000	0.00%	Not provided	N/A

**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 8.00% for the fiscal year ended September 30, 2015, gradually decreasing to future rate of 5.50% 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, 2015, 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 2016 fiscal year.

**NOTE 19 - DEFICIT FUND BALANCES**

The Board had four special revenue funds with deficit fund balances as of September 30, 2015 as follows:

<b>Funds</b>	<b>Amount</b>
Fines and Forfeitures	\$ (713,844)
Debt Service	\$ (176,391)
Fire Assessment Fund	\$ (302,700)
Capital Projects Fund	\$ (79,603)

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:

<b>Funds</b>	<b>Amount</b>
General fund	\$ 2,000,429
Landfill fund	\$ 166,755

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

**NOTE 21 - CHANGE IN ACCOUNTING PRINCIPLE**

In 2015, the County implemented GASB Statement 68, *Accounting and Financial Reporting for Pensions an Amendment of GASB Statement No. 27* and also GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement 68*. Upon adoption of these statements, the County’s proportionate share of the collective net pension liability and deferred outflows for contributions were recorded, resulting in a restatement of beginning net position for governmental activities as shown in the table below:

	<b>Governmental Activities</b>
Net position, September 30, 2014 as previously reported	\$ 14,787,964
GASB 68 Restatement - Florida Retirement System	(5,353,348)
Net position, September 30, 2014 as restated	\$ 9,434,616



**COMBINING FINANCIAL  
STATEMENTS**

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

September 30, 2015

	Special Revenue					Total Non-Major Governmental Funds
	SHIP Trust Fund	Grants Fund	Fire Assessment	Payroll	E-911 Fund	
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 39	\$ -	\$ 39
Restricted cash and cash equivalents	126,643	174,917	-	-	-	301,560
Due from other funds	3,289	681,642	8,954,534	-	3,220,737	12,860,202
Due from other governmental units	-	-	-	-	22,984	22,984
<b>Total assets</b>	<b>\$ 129,932</b>	<b>\$ 856,559</b>	<b>\$ 8,954,534</b>	<b>\$ 39</b>	<b>\$ 3,243,721</b>	<b>\$ 13,184,785</b>
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ -	\$ -	\$ 204	\$ 39	\$ -	\$ 243
Due to other funds	-	323,407	9,252,108	-	2,457,727	12,033,242
Deferred revenue	-	-	4,922	-	-	4,922
<b>Total liabilities</b>	<b>-</b>	<b>323,407</b>	<b>9,257,234</b>	<b>39</b>	<b>2,457,727</b>	<b>12,038,407</b>
<b>Fund balances</b>						
Restricted	129,932	533,152	-	-	785,994	1,449,078
Unassigned	-	-	(302,700)	-	-	(302,700)
<b>Total fund balances</b>	<b>129,932</b>	<b>533,152</b>	<b>(302,700)</b>	<b>-</b>	<b>785,994</b>	<b>1,146,378</b>
<b>Total liabilities and fund balances</b>	<b>\$ 129,932</b>	<b>\$ 856,559</b>	<b>\$ 8,954,534</b>	<b>\$ 39</b>	<b>\$ 3,243,721</b>	<b>\$ 13,184,785</b>

See Independent Auditors' Report

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

*For the year ended September 30, 2015*

	Special Revenue					Total Non-Major Governmental Funds
	SHIP Trust Fund	Grants Fund	Fire Assessment	Payroll	E-911 Fund	
<b>Revenues</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 173,972	\$ 173,972
Grants	307,980	20,417	-	-	1,718	330,115
Investment earnings	34	6	-	-	-	40
Other fees and miscellaneous revenues	-	-	781,863	-	-	781,863
<b>Total revenues</b>	<b>308,014</b>	<b>20,423</b>	<b>781,863</b>	<b>-</b>	<b>175,690</b>	<b>1,285,990</b>
<b>Expenditures</b>						
Current:						
Public safety	-	-	-	-	84,688	84,688
Fire safety	-	-	764,494	-	-	764,494
Economic development	419,786	20,482	-	-	-	440,268
Capital outlay	-	-	90,867	-	-	90,867
<b>Total expenditures</b>	<b>419,786</b>	<b>20,482</b>	<b>855,361</b>	<b>-</b>	<b>84,688</b>	<b>1,380,317</b>
Excess (deficiency) of revenues over (under) expenditures	(111,772)	(59)	(73,498)	-	91,002	(94,327)
<b>Other financing sources (uses)</b>						
Transfers out	-	-	(8,004)	-	(270,000)	(278,004)
<b>Net other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(8,004)</b>	<b>-</b>	<b>(270,000)</b>	<b>(278,004)</b>
<b>Net change in fund balances</b>	<b>(111,772)</b>	<b>(59)</b>	<b>(81,502)</b>	<b>-</b>	<b>(178,998)</b>	<b>(372,331)</b>
<b>Fund balances - beginning</b>	<b>241,704</b>	<b>533,211</b>	<b>(221,198)</b>	<b>-</b>	<b>964,992</b>	<b>1,518,709</b>
<b>Fund balances - ending</b>	<b>\$ 129,932</b>	<b>\$ 533,152</b>	<b>\$ (302,700)</b>	<b>\$ -</b>	<b>\$ 785,994</b>	<b>\$ 1,146,378</b>

*See Independent Auditors' Report*

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

*September 30, 2015*

	Clerk of the Circuit Court	Tax Collector	Sheriff	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 318,068	\$ 1,490,284	\$ 62,100	\$ 1,870,452
<b>Total assets</b>	<b>\$ 318,068</b>	<b>\$ 1,490,284</b>	<b>\$ 62,100</b>	<b>\$ 1,870,452</b>
<b>Liabilities</b>				
Due to other governments	\$ -	\$ 1,368,639	\$ -	\$ 1,368,639
Due to other funds	84,056	121,645	-	205,701
Due to others	234,012	-	62,100	296,112
<b>Total liabilities</b>	<b>\$ 318,068</b>	<b>\$ 1,490,284</b>	<b>\$ 62,100</b>	<b>\$ 1,870,452</b>

*See Independent Auditors' Report*



**REQUIRED SUPPLEMENTARY  
INFORMATION**



**Jefferson County, Florida**  
**Schedule of Proportional Share of Net Pension Liability - FRS**  
**(Last 3 Fiscal Years)**

	<b>2015</b>	<b>2014</b>	<b>2013</b>
County's proportion of the net pension liability (asset)	0.029500000%	0.027500000%	0.024300000%
County's proportionate share of the net pension liability (asset)	\$ 3,809,280	\$ 1,674,948	\$ 4,185,158
County's covered - employee payroll	\$ 6,080,100	\$ 5,874,049	\$ 5,823,171
County's proportionate share of the net pension liability (asset) as a percentage of its own covered - employee payroll	62.65%	28.51%	71.87%
FRS Plan fiduciary net position as a percentage of the total pension liability	92.00%	96.09%	N/A

*Note: Data was unavailable prior to 2013*

**Jefferson County, Florida**  
**Schedule of Contributions - FRS**  
**(Last 3 Fiscal Years)**

	2015	2014	2013
Contractually required contributions	\$ 719,039	\$ 601,305	\$ 327,165
Contributions in relation to the contractually required	(719,039)	(601,305)	(327,165)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
County's covered-employee payroll	\$ 6,080,100	\$ 5,874,049	\$ 5,823,171
Contributions as a percentage of covered-employee payroll	11.83%	10.24%	5.62%

**Jefferson County, Florida**  
**Schedule of Proportional Share of Net Pension Liability - HIS**  
**(Last 3 Fiscal Years)**

	2015	2014	2013
County's proportion of the net pension liability (asset)	0.018900000%	0.018600000%	0.022700000%
County's proportionate share of the net pension liability (asset)	\$ 1,926,120	\$ 1,741,841	\$ 1,669,844
County's covered - employee payroll	\$ 6,080,100	\$ 5,874,049	\$ 5,823,171
County's proportionate share of the net pension liability (asset) as a percentage of its own covered - employee payroll	31.68%	29.65%	28.68%
HIS Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.99%	N/A

*Note: Data was unavailable prior to 2013*

**Jefferson County, Florida**  
**Schedule of Contributions - HIS**  
**(Last 3 Fiscal Years)**

	<b>2015</b>	<b>2014</b>	<b>2013</b>
Contractually required contributions	\$ 72,196	\$ 63,866	\$ 62,827
Contributions in relation to the contractually required	(72,196)	(63,866)	(62,827)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
County's covered-employee payroll	\$ 6,080,100	\$ 5,874,049	\$ 5,823,171
Contributions as a percentage of covered-employee payroll	1.19%	1.09%	1.08%

*Note: Data was unavailable prior to 2013*



**SUPPLEMENTARY INFORMATION**

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

To the Honorable 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, 2015, and have issued our report thereon dated June 30, 2016.

**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 Board 2012-001 and Board 2015-002, 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 Board 2015-01, 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 30, 2016.

### **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 30, 2016

**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, 2015. 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, 2015.

### **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 30, 2016

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

*For the year ended September 30, 2015*

State Agency				
State Program Title	CSFA	Grant/ Contract		
State Financial Assistance Projects	Number	Number		Expenditures
<b>Florida Housing Finance Corporation</b>				
<b>Florida Housing Finance Corporation Program</b>				
State Housing Initiatives Partnership Program	52.901	2014/15	\$	307,980
<b>Total Florida Housing Finance Corporation</b>				<b>307,980</b>
<b>Florida Department of State</b>				
<b>Library and Information Services Program</b>				
State Aid to Libraries	45.030	15-ST-97		139,894
Historic Preservation Grant	45-031	S1523		50,000
<b>Total Florida Department of State</b>				<b>189,894</b>
<b>Florida Executive Office of the Governor</b>				
<b>Emergency Management</b>				
Emergency Management Programs	31.063	15-BG-83-02-43-01-033		104,229
<b>Total Executive Officer of the Governor</b>				<b>104,229</b>
<b>Florida Department of Environmental Protection</b>				
<b>Waste Management Program</b>				
Cooperative Collection Center Grant	37.007	S0735		32,748
Small County Consolidated Grant - Solid Waste	37.012	519C		90,909
<b>Total Florida Department of Environmental Protection</b>				<b>123,657</b>

*See Notes to Schedule of Expenditures of State Financial Assistance Programs*

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

State Agency				
State Program Title	CSFA	Grant/	Contract	
State Financial Assistance Projects	Number	Number	Number	Expenditures
<b>Florida Department of Transportation</b>				
<b>Public Transit Service Development Program</b>				
County Incentive Grant Program (CIGP) - Old Lloyd Road	55.008		AQS63	241,587
<b>Total CIGP</b>				<b>241,587</b>
<b>Transportation Systems Operations Program</b>				
Small County Outreach Program (SCOP) - St. Augustine	55.009		ARK11	572,871
Small County Outreach Program (SCOP) - Watermill Road	55.009		ARK12	600,379
Small County Outreach Program (SCOP) - North Salt Road	55.009		AR449	1,100,058
<b>Total SCOP</b>				<b>2,273,308</b>
<b>Highway Operations Program</b>				
Small County Road Assistance Program (SCRAP) - North Barber Hill	55.016		ARN74	186,760
Small County Road Assistance Program (SCRAP) - Lloyd Creek Road	55.016		AR453	799,444
<b>Total SCRAP</b>				<b>986,204</b>
<b>Florida Department of Transportation</b>				<b>3,501,099</b>
<b>Florida Department of Health</b>				
<b>Emergency Medical Services Program</b>				
EMS Matching Awards - Ambulance	64.003		C-3033	1,980
<b>Total Florida Department of Health</b>				<b>1,980</b>
<b>Florida Department of Agriculture</b>				
<b>Consumer Protection Program</b>				
Mosquito Control	42.003		n/a	23,461
<b>Total Florida Department of Agriculture</b>				<b>23,461</b>
<b>Florida Humanities Council</b>				
<b>Cultural Affairs Program</b>				
Florida Endowment for the Humanities - Prime Time Grant	N/A		C-PT13-JEFF-1302	425
<b>Total Florida Humanities Council</b>				<b>425</b>
<b>Florida Department of Management Services</b>				
Spring Program Award	72.xxx		14-4-15	1,718
<b>Total Florida Department of Management Services</b>				<b>1,718</b>
<b>Total Expenditures of State Financial Assistance Projects</b>				<b>\$ 4,254,443</b>

*See Notes to Schedule of Expenditures of State Financial Assistance Programs*

**Jefferson County, Florida**  
**Notes to Schedule of Expenditures of**  
**State Financial Assistance Projects**  
**For the year ended September 30, 2015**

**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, 2015**

**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:

<b>State Projects</b>	<b>CSFA No.</b>
<b>Florida Housing Finance Corporation</b>	
State Housing Initiatives Partnership Program	52.901
<b>Florida Department of Transportation</b>	
<i>Public Transit Service Development Program</i>	
Small County Road Assistance Program	55.016
<i>Transportation Operations Program</i>	
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, 2015**

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

**BOARD OF COUNTY COMMISSIONERS**

**Grant Accounting - Board 2015-001**

**COMMENT:** Some grant transactions were recorded on a cash basis instead of the accrual basis of accounting. As a result, adjustments were necessary to properly match revenues with expenditures.

**RECOMMENDATION:** Accrual basis accounting must be followed to accurately record grant revenues and expenditures in the proper period. Account balances must be reviewed for proper cutoff and correct period of recognition including grant receivables, accounts payable and deferred income.

**Capital Outlay Classification and Recording - Board 2015-002**

**COMMENT:** Significant adjustments were made to reclassify transactions to the proper expense classification. Many capital asset expenditures were incorrectly recorded as maintenance type expenditures. As a result, these transactions were not included as capital asset additions on the depreciation schedule. The capital asset inventory schedule did not contain all current year additions and subsequent deletions.

**RECOMMENDATION:** All transactions should be reviewed for proper recording and classification. Particular attention should be given to distinguishing between capital outlay and maintenance type expenditures. Capital outlay costs should be recorded in the fixed asset records for accountability and reconciled to the general ledger on a timely basis.

**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, 2015**

**PRIOR-YEAR FINDINGS AND QUESTIONED COSTS**

**MAJOR FEDERAL AWARD PROGRAMS AND STATE PROJECTS**

None

**FINANCIAL STATEMENT AUDIT**

**BOARD OF COUNTY COMMISSIONERS**

**Accrual Accounting Board 2014-001 – NOT RESOLVED**

**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.

**STATUS:** This condition continues to exist.

**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.

**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.



**Jefferson County, Florida**  
**Summary Schedule of Prior Audit Findings**  
**For the year ended September 30, 2015**

**TAX COLLECTOR**

**Tag Account Reconciliation TC2014-001 - RESOLVED**

**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.

**STATUS:** This condition has been resolved.

**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.

**Jefferson County, Florida**  
**Summary Schedule of Prior Audit Findings**  
**For the year ended September 30, 2015**

**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.



Carr, Riggs & Ingram, LLC  
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## 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, 2015, and have issued our report thereon dated June 30, 2016.

### **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 30, 2016, 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 15-01:** Expenditures exceeded budgeted amounts for the general fund and the landfill fund.

**RECOMMENDATION:** Expenditures should be monitored for compliance with budgets on a timely basis. If increased expenditures occur, the budget should be amended up to sixty days after year end to reflect updated results and related approval by the board.

### **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.

### **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, 2015, 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, 2015. 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.

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

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.

---

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

June 30, 2016



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1713 Mahan Drive  
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**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, 2015. Management is responsible for Jefferson County, Florida's compliance with those requirements. Our responsibility is to express an opinion on 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 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 Jefferson County, Florida's compliance with specified requirements.

In our opinion, Jefferson County, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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 30, 2016



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**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, 2015. Management is responsible for Jefferson County, Florida's compliance with those requirements. Our responsibility is to express an opinion on 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 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 Jefferson County, Florida's compliance with specified requirements.

In our opinion, Jefferson County, Florida complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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 30, 2016



**KIRK REAMS**  
Jefferson County  
Clerk of Court & CFO

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

June 30, 2016

Ms. Sherrill F. Norman  
Auditor General, State of Florida  
111 West Madison Street  
Tallahassee, Florida 32399

RE: 2014-2015 Audit Report Findings

Dear Ms. Norman:

In regards to the auditor's findings 2015-001, 2015-002, 2014-001, 2013-002, and 2012-001 for the year ending September 30, 2015.

We agree with finding and recommendation 2015-001 that the accrual basis of accounting should be followed when recording all grant transactions. After fiscal year end, we will analyze each grant to ensure that receivables, payables and deferred revenues are recorded in their proper period. This will alleviate the need for any adjusting entries. We also agree with finding and recommendation 2015-002 that additional attention should be given to capital outlay classification and recording transactions. Due to limitations with the current accounting system, we are going to utilize the asset valuation application that Carr, Riggs & Ingram uses moving forward. We feel their system will have the necessary capabilities which will allow our assets to be recorded and depreciated more timely and accurately. This will also alleviate the need to make adjusting entries after year end.

We agree with finding and recommendation 2014-001 to review all expenditures and revenue items to help ensure they are properly recorded in the year in which they occurred. It should be noted that the county has a centralized accounting function by which one office processes invoices and monitors revenues for each Board operational function. Moving forward we will need to make sure that the proper review and communication is made when looking at each year end transaction.

We agree with finding and recommendation 2013-002 that the allowance for doubtful accounts related to ambulance accounts receivable was understated. Receivables relating to ambulance accounts need to be reviewed and adjusted more timely.

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. As stated above, we will begin to utilize a new fixed assets application which has the necessary capabilities to record and depreciate assets timely and accurately.

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  
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Fax (850) 342-0222

Ms. Sherrill F. Norman, CPA  
Auditor General, State of Florida  
111 West Madison Street  
Tallahassee, Florida 32399

RE: 2014-2015 Audit Report Findings

Dear Ms. Norman:

In regards to the auditor's findings C15-01, C08-02 and C08-02 for the year ending September 30, 2015.

We agree with finding C15-01 and the recommendation to review all revenues to ensure that they are properly recorded in the year that they were incurred. More specifically, since the Title IV-D child support reimbursement revenue is the primary concern and because there is a delay in receiving the reimbursement revenue, we need to make sure we accurately account for these revenues in the County Fiscal Year in which the expenditures were incurred. For example; this may mean that Title IV-D child support reimbursement revenue received in October or November may be for expenditures that were incurred in the prior County Fiscal Year and therefore need to be recorded as such.

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 the additional staff that would be required to completely resolve this issue. That being said, we are proud of the fact that through upgrading staff, training 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 28, 2016

The Florida Legislature  
Joint Legislative Auditing Committee  
111 W. Madison St., Rm 876  
Tallahassee, FL 32399-1400

Re: Auditor's Recommendations

To Whom It May Concern:

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

## 1) Need for Segregation of Duties PA08-01

In 2012, this office hired an individual with accounting and financial experience. Since then, we have implemented new policies of financial controls and segregation of duties. This has allowed us to put into practice new procedures that allow for 3 and/or 4 person division of duties that addresses all areas of concern regarding financial controls utilizing the following seven control standards applicable to the process.

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

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

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

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

Respectfully,

  
Angela C. Gray, CFA  
Jefferson County Property Appraiser

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

Florida Auditor General  
Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399

Re: 2014-2015 Audit Report Findings

Dear Sir,

This is in reply to our auditor's findings for the year ended September 30, 2015.

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

DCH/jw

Jefferson County, Florida  
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, 2015.

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

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

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

Sincerely,

A handwritten signature in black ink that reads "Marty Bishop". The signature is written in a cursive style with a long, sweeping underline.

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  
Post Office Box 1735  
Tallahassee, Florida 32302

Dear Sir/Madam:

Please accept this letter in response to the Independent Auditor's Report to management included in the audit report for Jefferson County Tax Collector's Office for the fiscal year September 30, 2015. As a preliminary matter, please note that the Tax Collector's Office in and for 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. Please note further that the statement in the Audit on Page 7 that: "The Jefferson County Tax Collector's Office is an agency of Jefferson County..." is incorrect. Rather, the office of Tax Collector is a State Constitution office in and for the political subdivision of Jefferson county, Florida. See Article, VIII, Section 1(d), Florida Constitution. As for these particular findings, please find my response below:

#### Need for Segregation of Duties

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 benefits 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.

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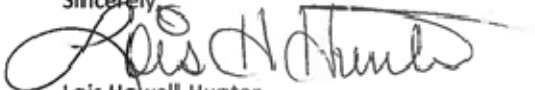
Providing Service Where Service Is Needed

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**Jefferson County, Florida  
Management's Response**

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, 2015**



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

[CRIcpa.com](http://CRIcpa.com) | [blog.cricpa.com](http://blog.cricpa.com)



Jefferson County, Florida  
Clerk of the Circuit Court  
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# REPORT





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

(850) 878-8777  
(850) 878-2344 (fax)  
[www.cricpa.com](http://www.cricpa.com)

## 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, 2015, 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, 2015, 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 30, 2016 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 30, 2016



**SPECIAL-PURPOSE  
FINANCIAL STATEMENTS**

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

September 30, 2015

	<b>General Fund</b>
<b>Assets</b>	
Restricted cash and cash equivalents	\$ 167,390
Due from other funds	34,822
Due from other governmental units	5,350
<hr/>	
Total assets	\$ 207,562
<hr/> <hr/>	
<b>Liabilities</b>	
Due to other governmental units	\$ 70,274
<hr/>	
Total liabilities	70,274
<hr/>	
<b>Fund balances</b>	
Restricted	137,288
<hr/>	
Total liabilities and fund balances	\$ 207,562
<hr/> <hr/>	

See accompanying notes to financial statements

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

*For the year ended September 30, 2015*

	<b>General Fund</b>
<b>Revenues</b>	
Charges for services	\$ 151,489
Intergovernmental	66,137
Grants	31,039
Fines and forfeitures	349,026
Miscellaneous	2,533
Total revenues	600,224
<b>Expenditures</b>	
General government	
Personal services	269,038
Operating expenses	98,469
Court-related	
Personal services	340,274
Operating expenses	159,027
Total expenditures	866,808
Excess (deficiency) of revenues over (under) expenditures	(266,584)
<b>Other financing sources (uses)</b>	
Transfers in	259,000
Net other financing sources (uses)	259,000
<b>Net change in fund balance</b>	<b>(7,584)</b>
<b>Fund balances - beginning - Restricted</b>	<b>144,872</b>
<b>Fund balances - ending - Restricted</b>	<b>\$ 137,288</b>

*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, 2015*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Charges for services	\$ 160,000	\$ 160,000	\$ 151,489	\$ (8,511)
Intergovernmental	85,750	85,750	66,137	(19,613)
Grants	37,025	37,025	31,039	(5,986)
Fines and forfeitures	326,084	326,084	349,026	22,942
Miscellaneous	-	-	2,533	2,533
<b>Total revenues</b>	<b>608,859</b>	<b>608,859</b>	<b>600,224</b>	<b>(8,635)</b>
<b>Expenditures</b>				
General government				
Personal services	269,044	269,044	269,038	6
Operating expenses	147,556	147,556	98,469	49,087
Court-related				
Personal services	338,231	338,231	340,274	(2,043)
Operating expenses	113,028	113,028	159,027	(45,999)
<b>Total expenditures</b>	<b>867,859</b>	<b>867,859</b>	<b>866,808</b>	<b>1,051</b>
Excess (deficiency) of revenues over (under) expenditures	(259,000)	(259,000)	(266,584)	(7,584)
<b>Other financing sources (uses)</b>				
Transfers in	259,000	259,000	259,000	-
<b>Net other financing sources (uses)</b>	<b>259,000</b>	<b>259,000</b>	<b>259,000</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (7,584)</b>	<b>\$ (7,584)</b>

*See accompanying notes to financial statements*



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

*September 30, 2015*

	<b>Agency Funds</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 318,068
<b>Total assets</b>	<b>\$ 318,068</b>
<b>Liabilities</b>	
Due to others	\$ 234,012
Due to other funds	34,822
Due to Board of County Commissioners	49,234
<b>Total liabilities</b>	<b>\$ 318,068</b>

*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). 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 7.

**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, 2015, the carrying amount of the Clerk's cash and cash equivalents and restricted cash was \$485,458 and the bank balance was \$515,521. 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, 2015, the market value and the carrying value of these funds were \$52,083. The funds are carried as a cash equivalent on the balance sheet at September 30, 2015 (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, 2015. 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](http://www.sbafla.com/prime).

**Credit Risk**

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

As of September 30, 2015, 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, 2015, is 29 days. Next interest rate reset for floating rate securities are used in the calculation of the WAM.

**Custodial Credit Risk**

At September 30, 2015, the Clerk did not hold any deposits or investments that were considered to have custodial credit risk.

**Concentration of Credit Risk**

At September 30, 2015, 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, 2015, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
<b>Governmental activities:</b>					
Compensated absences	\$ 24,504	\$ -	\$ 941	\$ 25,445	\$ -
<b>Total</b>	<b>\$ 24,504</b>	<b>\$ -</b>	<b>\$ 941</b>	<b>\$ 25,445</b>	<b>\$ -</b>

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

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

**NOTE 4 - EMPLOYEE PENSION PLAN**

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

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

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

	<b>10/01/14 Through 06/30/15</b>	<b>07/01/15 Through 09/30/15</b>
Regular employees	7.37%	7.26%
Senior Management	21.14%	21.43%
Elected county officials' class	43.24%	43.27%
Drop participants	12.28%	12.88%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2014 through September 30, 2015, the total payroll for the Clerk employees covered by the System was \$484,182. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2015, 2014 and 2013 were \$79,792, \$70,049 and \$38,295 respectively, which equal the required contributions. For the year ended September 30, 2015, retirement contributions represent 16.48% of covered payroll.



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

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

GASB Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees (or volunteers that provide services to state and local governments) are provided with pensions through pension plans that are administered through trusts or equivalent arrangements, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The adoption of Statement No. 68 has no impact on the Jefferson County, Florida Clerk's governmental fund financial statements, which continue to report expenditures in the amount of the actuarially determined contributions, as required by State law. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the Jefferson County, Florida's Fiscal Year 2014 government-wide financial statements to reflect the reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for each of its qualified pension plans and the recognition of pension expense in accordance with the provisions of the Statement. There was no impact on the Jefferson County, Florida Clerk's financial statements as a result of the implementation of Statement No. 68.

**NOTE 5 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION**

In addition to the retirement plan in Note 4, the County, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in the group health plan while employed. Employees of the Clerk are covered under the County's plan. The County is required to measure and recognize the annual cost of the future benefits and calculate the annual employer funding requirements and, to the extent funding is not made by the County recognize another post-employment benefit (OPEB) liability on the balance sheet of the County. These amounts, if any, are recorded in the County's government-wide financial statements.

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

**NOTE 6 - 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, 2015, excess court-related funds were \$70,274.

**NOTE 7 - FUND EQUITY**

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The Clerk had no non-spendable net assets at September 30, 2015.

Spendable fund balances are classified based on a hierarchy of the Clerk’s ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ended September 30, 2015, the Clerk reports net assets as restricted. Restricted net assets have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unassigned fund balances have not been restricted, committed or assigned to specific purposes within the general fund.

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

Funds	Purpose	
General Fund	Funding for:	
	Modernization of Public Records	\$ 22,185
	Court-related technology	41,163
	Court-related operational needs and program enhancements	73,940
Total restricted fund equity		\$ 137,288

**NOTE 8 - 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 \$31,039.

**NOTE 9 - 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, 2015.



**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, 2015, 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 30, 2016.

### **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. C15-01, 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 C15-01**

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

RECOMMENDATION: We recommend the Clerk review all revenues 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.

**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.

STATUS: This condition has been resolved.

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.

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

June 30, 2016

**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, 2015. 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, 2015.

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 30, 2016

**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, 2015. 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, 2015.

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 30, 2016



**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH SECTION  
61.181, FLORIDA STATUTES, DEPOSITORY FOR ALIMONY TRANSACTIONS, SUPPORT,  
MAINTENANCE AND SUPPORT PAYMENTS; FEES**

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 61.181, Florida Statutes, *Depository for Alimony Transactions, Support, Maintenance and Support Payments; Fees* during the year ended September 30, 2015. 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, 2015.

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 30, 2016

## 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, 2015, and have issued our report thereon dated June 30, 2016.

### 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 30, 2016, 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 have the following recommendations.

Prior Year Comment:

#### **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.

**Status:** This condition has been resolved.

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.

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

June 30, 2016

**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

Ms. Sherrill F. Norman, CPA  
Auditor General, State of Florida  
111 West Madison Street  
Tallahassee, Florida 32399

RE: 2014-2015 Audit Report Findings

Dear Ms. Norman:

In regards to the auditor's findings C15-01, C08-02 and C08-02 for the year ending September 30, 2015.

We agree with finding C15-01 and the recommendation to review all revenues to ensure that they are properly recorded in the year that they were incurred. More specifically, since the Title IV-D child support reimbursement revenue is the primary concern and because there is a delay in receiving the reimbursement revenue, we need to make sure we accurately account for these revenues in the County Fiscal Year in which the expenditures were incurred. For example; this may mean that Title IV-D child support reimbursement revenue received in October or November may be for expenditures that were incurred in the prior County Fiscal Year and therefore need to be recorded as such.

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 the additional staff that would be required to completely resolve this issue. That being said, we are proud of the fact that through upgrading staff, training 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, 2015**



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

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**Jefferson County, Florida  
Property Appraiser  
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September 30, 2015**

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# REPORT





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Tallahassee, FL 32308

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(850) 878-2344 (fax)  
[www.cricpa.com](http://www.cricpa.com)

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of the Jefferson County, Florida, Property Appraiser (the "Property Appraiser") as of and for the year ended September 30, 2015, 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, 2015, 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 28, 2016 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 28, 2016



**SPECIAL-PURPOSE  
FINANCIAL STATEMENTS**

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

September 30, 2015

	General Fund
<b>Assets</b>	
Cash and cash equivalents	\$ 4,755
Total assets	\$ 4,755
<b>Liabilities</b>	
Due to Board of County Commissioners	\$ 4,755
Total liabilities	4,755
<b>Fund balance</b>	-
Total liabilities and fund balance	\$ 4,755

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, 2015*

	<b>General Fund</b>
<b>Revenues</b>	
Charges for services	\$ 5,195
Investment earnings	56
Other fees and miscellaneous	790
<hr/>	
Total revenues	6,041
<hr/>	
<b>Expenditures</b>	
General government	
Personal services	414,003
Operating expenses	142,165
Capital outlay	27,445
Debt service	
Principal	6,477
Interest and other charges	255
<hr/>	
Total expenditures	590,345
<hr/>	
Deficiency of revenues under expenditures	(584,304)
<hr/>	
<b>Other financing sources (uses)</b>	
Transfers in	589,059
Transfers out	(4,755)
<hr/>	
Net other financing sources	584,304
<hr/>	
<b>Net change in fund balance</b>	-
<hr/>	
<b>Fund balance - beginning</b>	-
<hr/>	
<b>Fund balance - ending</b>	\$ -
<hr/>	

*See accompanying notes to financial statements*

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

*For the year ended September 30, 2015*

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
<b>Expenditures</b>				
General government				
Personal services	\$ 410,848	\$ 428,105	\$ 414,003	\$ 14,102
Operating expenses	126,645	128,266	136,124	(7,858)
Capital outlay	32,326	32,326	27,445	4,881
Debt service				
Principal	6,477	6,477	6,477	-
Interest and other charges	255	255	255	-
<b>Total expenditures</b>	<b>576,551</b>	<b>595,429</b>	<b>584,304</b>	<b>11,125</b>
Deficiency of revenues under expenditures	(576,551)	(595,429)	(584,304)	11,125
<b>Other financing sources (uses)</b>				
Transfer in	576,551	595,429	589,059	(6,370)
Transfer out	-	-	(4,755)	(4,755)
<b>Net other financing sources</b>	<b>576,551</b>	<b>595,429</b>	<b>584,304</b>	<b>(11,125)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*See accompanying notes to financial statements*

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

**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.

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.

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

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

**Budgetary Requirements**

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

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

	<b>Total Expenditures</b>	<b>Total Revenue</b>
GAAP basis	\$ 590,345	\$ 590,345
Non-budgeted revenues and expenditures:		
Revenues other than appropriations from the Board of County Commissioners and related expenditures	(6,041)	(6,041)
Budgetary basis	\$ 584,304	\$ 584,304

**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, 2015, the carrying amount of the Property Appraiser's cash and cash equivalents was \$4,755 and the bank balance was \$65,625. 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, 2015, the Property Appraiser did not hold any deposits or investments that were considered to have credit risk.

**Interest Rate Risk**

At September 30, 2015, the Property Appraiser did not hold any investments that were considered to have interest rate risk.

**Custodial Credit Risk**

At September 30, 2015, 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, 2015, 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, 2015, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
<b>Governmental activities:</b>					
Notes payable	\$ 12,742	\$ -	\$ 6,477	\$ 6,265	\$ 6,265
Compensated absences	12,197	-	4,609	7,588	-
<b>Total</b>	<b>\$ 24,939</b>	<b>\$ -</b>	<b>\$ 11,086</b>	<b>\$ 13,853</b>	<b>\$ 6,265</b>

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

**NOTE 4 - EMPLOYEE PENSION PLAN**

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

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

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

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

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

	<b>10/01/14 Through 06/30/15</b>	<b>07/01/15 Through 09/30/15</b>
Regular employees	7.37%	7.26%
Elected county officials	43.24%	42.27%
DROP participants	12.28%	12.88%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2014 through September 30, 2015, the total payroll for the Property Appraiser employees covered by the System was \$329,129. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2015, 2014 and 2013 were \$61,055, \$51,392 and \$26,049 respectively, which equal the required contributions. For the year ended September 30, 2015, retirement contributions represent 18.55% of covered payroll.

GASB Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees (or volunteers that provide services to state and local governments) are provided with pensions through pension plans that are administered through trusts or equivalent arrangements, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

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

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

The adoption of Statement No. 68 has no impact on the Jefferson County, Florida Property Appraiser's governmental fund financial statements, which continue to report expenditures in the amount of the actuarially determined contributions, as required by State law. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the Jefferson County, Florida's Fiscal Year 2014 government-wide financial statements to reflect the reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for each of its qualified pension plans and the recognition of pension expense in accordance with the provisions of the Statement. There was no impact on the Jefferson County, Florida Property Appraiser's financial statements as a result of the implementation of Statement No. 68.

**NOTE 5 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION**

In addition to the retirement plan in Note 4, the County, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in the group health plan while employed. Employees of the Property Appraiser are covered under the County's plan. The County is required to measure and recognize the annual cost of the future benefits and calculate the annual employer funding requirements and, to the extent funding is not made by the County recognize another post-employment benefit (OPEB) liability on the balance sheet of the County. These amounts, if any, are recorded in the County's government-wide financial statements.

**NOTE 6 - 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, 2015, 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 28, 2016.

**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.

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

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June 28, 2016



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

(850) 878-8777  
(850) 878-2344 (fax)  
[www.cricpa.com](http://www.cricpa.com)

**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, 2015. 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, 2015.

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 28, 2016

## 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, 2015, and have issued our report thereon dated June 28, 2016.

### 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

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 28, 2016, 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 28, 2016

Jefferson County, Florida  
Property Appraiser  
Management's Response



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

June 28, 2016

The Florida Legislature  
Joint Legislative Auditing Committee  
111 W. Madison St., Rm 876  
Tallahassee, FL 32399-1400

Re: Auditor's Recommendations

To Whom It May Concern:

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

**1) Need for Segregation of Duties PA08-01**

In 2012, this office hired an individual with accounting and financial experience. Since then, we have implemented new policies of financial controls and segregation of duties. This has allowed us to put into practice new procedures that allow for 3 and/or 4 person division of duties that addresses all areas of concern regarding financial controls utilizing the following seven control standards applicable to the process.

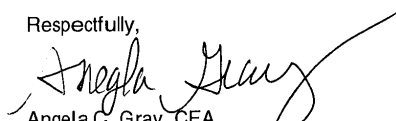
- o *Appropriate* – The transaction is directly related to achieving the operation of the Property Appraiser's Office.
- o *Valid* – The transaction is allowed by policy, law, contractual agreement, and/or professional standards.
- o *Reasonable* – The amount being paid for a product or service or received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

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

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

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

Respectfully,

  
Angela C. Gray, CFA  
Jefferson County Property Appraiser

480 W. Walnut Street, P.O. Box 63, Monticello, FL 32345  
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**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
<b>Assets</b>	
Cash and cash equivalents	\$ 27,908
Total assets	\$ 27,908
<b>Liabilities</b>	
Accounts payable	\$ 27,885
Due to others	23
Total liabilities	27,908
<b>Fund balance</b>	
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*

	<b>General Fund</b>
<hr/>	
<b>Revenues</b>	
Other fees and miscellaneous revenues	\$ 22,797
<hr/>	
Total revenues	22,797
<hr/>	
<b>Expenditures</b>	
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/>	
<b>Other financing sources (uses)</b>	
Transfers in	4,043,283
<hr/>	
Net other financing sources (uses)	4,043,283
<hr/>	
<b>Net change in fund balance</b>	-
<hr/>	
<b>Fund balance - beginning</b>	-
<hr/>	
<b>Fund balance - ending</b>	\$ -
<hr/>	

*See accompanying notes to financial statements*

**Jefferson County, Florida**  
**Sheriff**

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

*For the year ended September 30, 2014*

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Other fees and miscellaneous revenues	\$ -	\$ 22,797	\$ 22,797	\$ -
Total revenues	-	22,797	22,797	-
<b>Expenditures</b>				
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)	-
<b>Other financing sources (uses)</b>				
Transfers in	4,052,941	4,043,283	4,043,283	-
Total other financing sources	4,052,941	4,043,283	4,043,283	-
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*See accompanying notes to financial statements*

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

*September 30, 2014*

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

*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:

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

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

**NOTE 4 - EMPLOYEE PENSION PLAN**

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

**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:

	<b>10/01/13 Through 06/30/14</b>	<b>07/01/14 Through 9/30/14</b>
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**





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

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

We have audited, 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.

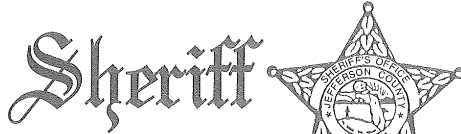
**Purpose of this Letter**

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, 2015**



**CRI** CARR  
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Jefferson County, Florida  
Supervisor of Elections  
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September 30, 2015

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# REPORT





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Tallahassee, FL 32308

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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, 2015, 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 opinions.

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, 2015, 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 27, 2016 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.

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

June 27, 2016



**SPECIAL-PURPOSE  
FINANCIAL STATEMENTS**

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

September 30, 2015

	General Fund
<b>Assets</b>	
Cash and cash equivalents	\$ 19,083
<b>Total assets</b>	<b>\$ 19,083</b>
<b>Liabilities</b>	
Due to Board of County Commissioners	\$ 17,213
Deferred revenue	1,870
<b>Total liabilities</b>	<b>19,083</b>
<b>Fund balance</b>	<b>-</b>
<b>Total liabilities and fund balance</b>	<b>\$ 19,083</b>

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, 2015*

	<b>General Fund</b>
<hr/>	
<b>Expenditures</b>	
General government	
Personal services	\$ 165,622
Operating expenses	71,290
<hr/>	
Total expenditures	236,912
<hr/>	
Excess (deficiency) of revenues over (under) expenditures	(236,912)
<hr/>	
<b>Other financing sources (uses)</b>	
Transfers in	254,100
Transfers out	(17,188)
<hr/>	
Net other financing sources (uses)	236,912
<hr/>	
<b>Net change in fund balance</b>	-
<hr/>	
<b>Fund balance - beginning</b>	-
<hr/>	
<b>Fund balance - ending</b>	\$ -
<hr/> <hr/>	

*See accompanying notes to financial statements*

Jefferson County, Florida  
Supervisor of Elections

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

*For the year ended September 30, 2015*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Expenditures</b>				
General government				
Personal services	\$ 164,500	\$ 164,500	\$ 165,622	\$ (1,122)
Operating expenses	89,600	89,600	71,290	18,310
Total expenditures	254,100	254,100	236,912	17,188
Excess (deficiency) of revenues over (under) expenditures	(254,100)	(254,100)	(236,912)	17,188
<b>Other financing sources (uses)</b>				
Transfer in	254,100	254,100	254,100	-
Transfer out	-	-	(17,188)	(17,188)
Net other financing sources (uses)	254,100	254,100	236,912	(17,188)
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*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, 2015, the carrying amount of the Supervisor's cash and cash equivalents and restricted cash was \$19,083 and the bank balance was \$24,876. 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, 2015, the Supervisor did not hold any deposits or investments that were considered to have credit risk.

**INTEREST RATE RISK**

At September 30, 2015, the Supervisor did not hold any investments that were considered to have interest rate risk.

**CUSTODIAL CREDIT RISK**

At September 30, 2015, the Supervisor did not hold any deposits or investments that were considered to have custodial credit risk.

**CONCENTRATION OF CREDIT RISK**

At September 30, 2015, the Supervisor did not hold any investments that were considered to have concentration of credit risk.

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

**NOTE 3 - EMPLOYEE PENSION PLAN**

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

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

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

	<b><u>10/01/14</u></b> <b><u>Through</u></b> <b><u>06/30/15</u></b>	<b><u>07/01/15</u></b> <b><u>Through</u></b> <b><u>09/30/15</u></b>
Regular employees	7.37%	7.26%
Elected county officials	43.24%	42.27%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 01, 2014 through September 30, 2015, the total payroll for the Supervisor's employees covered by the System was \$119,302. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2015, 2014 and 2013 were \$37,427, \$31,110 and \$14,199 respectively, which were the required contributions. For the year ended September 30, 2015 retirement contributions represent 31.37% of covered payroll.

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

**NOTE 3 - EMPLOYEE PENSION PLAN (CONTINUED)**

GASB Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees (or volunteers that provide services to state and local governments) are provided with pensions through pension plans that are administered through trusts or equivalent arrangements, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The adoption of Statement No. 68 has no impact on the Jefferson County, Florida Supervisor of Elections' governmental fund financial statements, which continue to report expenditures in the amount of the actuarially determined contributions, as required by State law. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the Jefferson County, Florida's Fiscal Year 2014 government-wide financial statements to reflect the reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for each of its qualified pension plans and the recognition of pension expense in accordance with the provisions of the Statement. There was no impact on the Jefferson County, Florida Supervisor of Elections' financial statements as a result of the implementation of Statement No. 68.

**NOTE 5 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION**

In addition to the retirement plan in Note 4, the County, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in the group health plan while employed. Employees of the Supervisor of Elections are covered under the County's plan. The County is required to measure and recognize the annual cost of the future benefits and calculate the annual employer funding requirements and, to the extent funding is not made by the County recognize another post-employment benefit (OPEB) liability on the balance sheet of the County. These amounts, if any, are recorded in the County's government-wide financial statements.



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

**NOTE 5 - EXCESS REVENUE**

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

**NOTE 6 - 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, 2015, 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, 2015, 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 27, 2016.

**Internal Control Over Financial Reporting**

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

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

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

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

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

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

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

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

STATUS: This condition continues to exist.

##### **Preparation of GAAP-based Financial Statements SOE 08-02**

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

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

STATUS: This condition continues to exist.

#### **Compliance and Other Matters**

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

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

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

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

### **Purpose of this Report**

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

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

June 27, 2016



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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, 2015. 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, 2015.

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 27, 2016

## 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, 2015, and have issued our report thereon dated June 27, 2016.

### 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 27, 2016, 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 27, 2016

Jefferson County, Florida  
Supervisor of Elections  
Management's Response



380 West Dogwood Street Monticello, Florida 32344 (850) 997-3348 Fax: (850) 997-6958 Email: 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, 2015.

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

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

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

Sincerely,

Marty Bishop  
Jefferson County Supervisor of Elections

**Jefferson County, Florida  
Tax Collector**

**Special-Purpose Financial Statements**

**September 30, 2015**



**CRI** CARR  
RIGGS &  
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CPAs and Advisors

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Tax Collector  
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# REPORT



## 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, 2015, 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, 2015, 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 27, 2016 on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tax Collector's internal control over financial reporting and compliance.

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

June 27, 2016



**SPECIAL-PURPOSE  
FINANCIAL STATEMENTS**

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

September 30, 2015

	<b>General Fund</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 354,706
Due from other funds	40,781
<b>Total assets</b>	<b>\$ 395,487</b>
<b>Liabilities</b>	
Accounts payable	\$ 5,604
Due to Board of County Commissioners	389,883
<b>Total liabilities</b>	<b>395,487</b>
<b>Fund balance</b>	
<b>Total liabilities and fund balance</b>	<b>\$ 395,487</b>

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, 2015*

	<b>General Fund</b>
<b>Revenues</b>	
Charges for services	\$ 845,766
Total revenues	845,766
<b>Expenditures</b>	
General government	
Personal services	336,254
Operating expenses	119,629
Total expenditures	455,883
Excess (deficiency) of revenues over (under) expenditures	389,883
<b>Other financing sources (uses)</b>	
Transfers out	(389,883)
Net other financing sources (uses)	(389,883)
<b>Net change in fund balance</b>	-
<b>Fund balance - beginning</b>	-
<b>Fund balance - ending</b>	\$ -

*See accompanying notes to financial statements*

Jefferson County, Florida  
Tax Collector

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

*For the year ended September 30, 2015*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Charges for services	\$ 468,924	\$ 468,924	\$ 845,766	\$ 376,842
Total revenues	468,924	468,924	845,766	376,842
<b>Expenditures</b>				
General government				
Personal services	347,865	347,865	336,254	11,611
Operating expenses	121,059	121,059	119,629	1,430
Total expenditures	468,924	468,924	455,883	13,041
Excess (deficiency) of revenues over (under) expenditures	-	-	389,883	389,883
<b>Other financing sources (uses)</b>				
Transfers out	-	-	(389,883)	(389,883)
Net other financing sources (uses)	-	-	(389,883)	(389,883)
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*See accompanying notes to financial statements*



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

*September 30, 2015*

	<b>Agency Funds</b>
<b>Assets</b>	
Cash	\$ 1,490,284
<b>Total assets</b>	<b>\$ 1,490,284</b>
<b>Liabilities</b>	
Due to other funds	\$ 40,781
Due to Board of County Commissioners	80,864
Due to other governments	1,368,639
<b>Total liabilities</b>	<b>\$ 1,490,284</b>

*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.

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

**Notes to Special-Purpose Financial Statements**

**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.

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 8.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

At September 30, 2015, the carrying amount of the Tax Collector's cash and cash equivalents was \$1,844,990 and the bank balance was \$1,220,954. 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, 2015, the Tax Collector did not hold any deposits or investments that were considered to have credit risk.

**Interest Rate Risk**

At September 30, 2015, the Tax Collector did not hold any investments that were considered to have interest rate risk.

**Custodial Credit Risk**

At September 30, 2015, the Tax Collector did not hold any deposits or investments that were considered to have custodial risk.

**Concentration of Credit Risk**

At September 30, 2015, 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, 2015, was as follows:

	<b>BEGINNING BALANCE</b>	<b>ADDITIONS</b>	<b>REDUCTIONS</b>	<b>ENDING BALANCE</b>	<b>DUE WITHIN ONE YEAR</b>
<b>Governmental activities:</b>					
Compensated absences	\$ 6,384	\$ 985	\$ -	\$ 7,369	\$ -
<b>Total</b>	<b>\$ 6,384</b>	<b>\$ 985</b>	<b>\$ -</b>	<b>\$ 7,369</b>	<b>\$ -</b>

Accrued compensated absences represent the personal leave balances at September 30, 2015. See Note 1 for a summary of the Tax Collector’s policy regarding compensated absences. Records kept for compensated absences relate only to hours earned, used and available. Accordingly, only the net changes in compensated absences are presented.

**NOTE 4 – EMPLOYEE PENSION PLAN**

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

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

**Jefferson County, Florida  
Tax Collector**

**Notes to Special-Purpose Financial Statements**

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

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

	<b>10/01/14 Through <u>06/30/15</u></b>	<b>07/01/15 Through <u>09/30/15</u></b>
Regular employees	7.37%	7.26%
Elected county officials' class	43.24%	42.27%
DROP participants	12.28%	12.88%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 01, 2014 through September 30, 2015, the total payroll for the Tax Collector's employees covered by the System was \$261,437. The retirement contributions for all employees covered by the FRS for the years ended September 2015, 2014 and 2013 were \$39,289, \$97,056 and \$21,649 which were the required contributions. For the year ended September 30, 2015 retirement contributions represent 15.02% of covered payroll.

GASB Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement.

The requirements of Statement No. 68 apply to the financial statements of all state and local governmental employers whose employees (or volunteers that provide services to state and local governments) are provided with pensions through pension plans that are administered through trusts or equivalent arrangements, and to the financial statements of state and local governmental nonemployer contributing entities that have a legal obligation to make contributions directly to such pension plans. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and RSI requirements about pensions also are addressed. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.



**Jefferson County, Florida  
Tax Collector**

**Notes to Special-Purpose Financial Statements**

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

The adoption of Statement No. 68 has no impact on the Jefferson County, Florida Tax Collector's governmental fund financial statements, which continue to report expenditures in the amount of the actuarially determined contributions, as required by State law. The calculation of pension contributions is unaffected by the change. However, the adoption has resulted in the restatement of the Jefferson County, Florida's Fiscal Year 2014 government-wide financial statements to reflect the reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for each of its qualified pension plans and the recognition of pension expense in accordance with the provisions of the Statement. There was no impact on the Jefferson County, Florida Tax Collector's financial statements as a result of the implementation of Statement No. 68.

**NOTE 5 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION**

In addition to the retirement plan in Note 4, the County, in accordance with Section 112.0801, Florida Statutes, provides post-retirement health care benefits to all retired employees who participated in the group health plan while employed. Employees of the Tax Collector are covered under the County's plan. The County is required to measure and recognize the annual cost of the future benefits and calculate the annual employer funding requirements and, to the extent funding is not made by the County recognize another post-employment benefit (OPEB) liability on the balance sheet of the County. These amounts, if any, are recorded in the County's government-wide financial statements.

**NOTE 6 – 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, 2015, excess revenues over expenditures of \$389,883 are accrued and reported as a transfer out.

**NOTE 7 - 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 8 – GOVERNMENTAL FUND BALANCE**

Fund balances are classified based upon a hierarchy of the Tax Collector'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 Tax Collector.

Assigned – For the general fund, amounts constrained for the intent to be used for a specific purpose by the Tax Collector. 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, 2015, 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, 2015, 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 27, 2016.

**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, 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

**PRIOR YEAR FINDINGS AND RECOMMENDATIONS:**

**Need for Segregation of Duties TC08-01**

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

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

STATUS: This condition continues to exist.

**Preparation of GAAP-based Financial Statements TC08-02**

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

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

STATUS: This condition continues to exist.

**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.

STATUS: This condition has been resolved.

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

### **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*.

### **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.

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

June 27, 2016

**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, 2015. 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, 2015.

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 27, 2016

## 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, 2015, and have issued our report thereon dated June 27, 2016.

### 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

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, which are dated June 27, 2016, 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.

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

June 27, 2016

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  
Post Office Box 1735  
Tallahassee, Florida 32302

Dear Sir/Madam:

Please accept this letter in response to the Independent Auditor's Report to management included in the audit report for Jefferson County Tax Collector's Office for the fiscal year September 30, 2015. As a preliminary matter, please note that the Tax Collector's Office in and for 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. Please note further that the statement in the Audit on Page 7 that: "The Jefferson County Tax Collector's Office is an agency of Jefferson County..." is incorrect. Rather, the office of Tax Collector is a State Constitution office in and for the political subdivision of Jefferson county, Florida. See Article, VIII, Section 1(d), Florida Constitution. As for these particular findings, please find my response below:

Need for Segregation of Duties

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 benefits 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.

**Jefferson County, Florida  
Tax Collector  
Management's Response**

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,

A handwritten signature in black ink, appearing to read "Lois Howell-Hunter", written in a cursive style.

Lois Howell-Hunter  
Jefferson County Tax Collector