

Jefferson County, Florida

Financial Statements

September 30, 2016



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**Jefferson County, Florida
FINANCIAL STATEMENTS
September 30, 2016**

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

Jefferson County, Florida
Table of Contents
September 30, 2016

REPORT

Independent Auditors' Report 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis 4

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements

Statement of Net Position 5

Statement of Activities 6

Fund Financial Statements

Balance Sheet - Governmental Funds 7

Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position 8

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds 9

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities 11

Statement of Revenues, Expenditures and Changes in Fund Balance -
General Fund - Budget and Actual 12

Statement of Revenues, Expenditures and Changes in Fund Balance -
Transportation Fund - Budget and Actual 13

Statement of Revenues, Expenditures and Changes in Fund Balance -
Capital Projects Fund - Budget and Actual 14

Statement of Revenues, Expenditures and Changes in Fund Balance -
Landfill Fund - Budget and Actual 15

Jefferson County, Florida
Table of Contents (Continued)
September 30, 2016

Statement of Fiduciary Net Position - Agency Funds	16
Notes to Financial Statements	17
COMBINING STATEMENTS	
Combining Balance Sheet - Nonmajor Governmental Funds	43
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	45
Combining Statement of Fiduciary Net Position - Agency Funds	47
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Proportional Share of Net Pension Liability Florida Retirement System (Last 4 Fiscal Years)	48
Schedule of Contributions Florida Retirement System (Last 4 Fiscal Years)	49
Schedule of Proportional Share of Net Pension Liability Health Insurance Subsidy (Last 4 Fiscal Years)	50
Schedule of Contributions Health Insurance Subsidy (Last 4 fiscal years)	51
SUPPLEMENTARY INFORMATION	
Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill	52
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 <i>Government Auditing Standards</i>	53

Jefferson County, Florida
Table of Contents (Continued)
September 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 Florida Auditor General	55
Schedule of Expenditures of State Financial Assistance Projects	58
Notes to Schedule of Expenditures of State Financial Assistance Projects	60
Schedule of Findings and Questioned Costs	61
Summary Schedule of Prior Audit Findings	63
Independent Auditors' Management Letter	66
Independent Accountants' Report on Compliance with Section 218.415, Florida Statutes, <i>Local Government Investment Policies</i>	69
Independent Accountants' Report on Compliance with Section 365.172(10) and 365.173(2)(d), Florida Statutes	70
Management's Response	71
SPECIAL-PURPOSE FINANCIAL STATEMENTS	
Clerk of the Circuit Court	
Property Appraiser	
Sheriff	
Supervisor of Elections	
Tax Collector	



REPORT



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, 2016, 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, 2016, 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 the Schedule of Receipts and Expenditures of Funds related to the Deepwater Horizon oil spill is required by Chapter 10.550, Local Governmental Audits, *Rules of the Auditor General* State of Florida, and neither is a required part of the basic financial statements.

The combining and individual non-major fund financial statements, the Schedule of Expenditures of State Financial Assistance Projects and the Schedule of Receipts and Expenditures of Funds related to the Deepwater Horizon oil spill 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, 2017, 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.

Carly Riggs & Ingram, L.L.C.

June 30, 2017



**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, 2016. 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 \$748,271 or 8%. The County does not have any business-type activities.
- During the year, the County's program and general revenues were \$19,107,468. A decrease of \$847,469 from the prior year.
- The County's expenses decreased by approximately \$1,386,110 over the preceding year (a decrease of 7%).
- 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

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 \$1,158,408 over the prior year. Restricted net position increased by \$865,372 (or 26%) from the prior year.

The County's total revenue decreased by 4%, or \$847,469 during the year and total expenses decreased by 7%, or \$1,386,110. The county experienced a drop in the amount of grants it accepted.

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

**Table 1
Net Assets**

	Governmental Activities	
	09/30/16	09/30/15
Cash and other assets	\$ 8,529,624	\$ 7,373,770
Capital assets - net	17,091,131	16,117,767
Total assets	25,620,755	23,491,537
Deferred outflows	5,705,121	3,048,178
Long-term debt outstanding	17,546,069	13,698,271
Other liabilities	1,548,122	731,783
Total liabilities	19,094,191	14,430,054
Deferred inflows	1,785,259	2,411,506
Net assets:		
Invested in capital assets, net of debt	10,338,962	9,297,655
Restricted	3,315,787	2,450,415
Unrestricted	(3,208,323)	(2,049,915)
Total net assets	\$ 10,446,426	\$ 9,698,155

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

**Table 2
Changes in Net Assets**

	Governmental Activities	
	09/30/16	09/30/15
Revenues		
Program revenues:		
Charges for services	\$ 1,967,880	\$ 1,944,155
Federal and state grants	2,997,006	4,415,502
General revenues:		
Property and other taxes	10,486,059	10,024,329
Intergovernmental revenues	-	-
Other general revenues	3,656,523	3,570,951
Total revenues	19,107,468	19,954,937
Program expenses:		
General government	5,211,276	4,545,865
Transportation	2,726,155	5,286,727
Public safety and judiciary	7,711,439	7,088,883
Health and sanitation	1,435,523	1,434,927
Economic development	344,081	461,792
Culture, recreation and agriculture	781,483	792,033
Interest on long-term debt	149,240	135,080
Total program expenses	18,359,197	19,745,307
Increase (decrease) in net assets	748,271	209,630
Net position, beginning as previously reported	9,698,155	9,434,616
Prior period adjustment, Note 21	-	53,909
Net position, beginning as restated	9,698,155	9,488,525
Net position, ending	\$ 10,446,426	\$ 9,698,155

THE COUNTY'S FUNDS

The County's governmental funds (as presented in the balance sheet on page 7) reported a *combined* fund balance of \$6.9 million, which is a increase of \$.4 million over the prior year. Included in this year's total change in fund balance is an decrease of \$1.7 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 \$554,163.
- The capital projects fund incurred a increase in fund balance of \$7,258.
- The Landfill fund incurred a decrease in fund balance of \$60,120.

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 \$17.09 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 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>09/30/16</u>	<u>09/30/15</u>
Land	\$ 1,737,456	\$ 1,737,456
Buildings & Improvements	6,235,885	5,869,445
Equipment	2,956,751	2,882,750
Infrastructure	5,468,766	5,338,998
Construction in progress	692,273	289,118
Totals	\$ 17,091,131	\$ 16,117,767

Major additions for the year were heavy equipment, building construction 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 \$923,296, notes payable of \$1,783,873 and revenue bonds of \$4,045,000 outstanding at the end of the 2016 fiscal year, a decrease of \$61,678 as shown in Table 4.

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

	<u>Governmental Activities</u>	
	<u>09/30/16</u>	<u>09/30/15</u>
Installment obligations	\$ 923,296	\$ 1,139,772
Notes payable	1,783,873	1,434,075
Revenue and gas tax bonds	4,045,000	4,240,000
Totals	\$ 6,752,169	\$ 6,813,847

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected Commissioners consider many factors when considering the fiscal year 2016 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, 2016</i>	Governmental Activities
Assets	
Cash and cash equivalents	\$ 4,398,988
Restricted cash and cash equivalents	2,004,283
Accounts receivable	274,970
Internal balances - due from agency funds	84,756
Due from other governmental units	1,671,383
Inventory	95,244
Capital assets, net	
Nondepreciable capital assets	2,429,729
Depreciable capital assets, net	14,661,402
Total assets	25,620,755
Deferred outflows of resources	
Pension	5,705,121
Total deferred outflows of resources	5,705,121
Liabilities	
Accounts payable and accrued expenses	1,184,622
Due to other agency	9,073
Deferred revenue	317,519
Accrued interest payable	36,908
Long-term liabilities	
Portion due or payable within one year	
Capital lease obligations	201,725
Public improvement revenue bonds payable	200,000
Notes payable	282,448
Compensated absences	114,743
Landfill closure and post-closure costs	53,474
Portion due or payable after one year	
Capital lease obligations	721,571
Public improvement revenue bonds payable	3,845,000
Notes payable	1,501,425
Compensated absences	344,231
Other post-employment benefit obligation	444,000
Landfill closure and post-closure costs	213,897
Net pension liability	9,623,555
Total liabilities	19,094,191
Deferred inflows of resources	
Pension	1,785,259
Total deferred inflows of resources	1,785,259
Net position	
Invested in capital assets, net of related debt	10,338,962
Restricted	3,315,787
Unrestricted	(3,208,323)
Total net position	\$ 10,446,426

See accompanying notes to financial statements

Jefferson County, Florida Statement of Activities

For the year ended September 30, 2016

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
Primary government					
Governmental activities					
General government	\$ 4,351,924	\$ 1,225,374	\$ 246,169	\$ -	\$ (2,880,381)
Public safety	6,455,398	655,935	183,546	-	(5,615,917)
Fire safety	743,541	-	5,569	-	(737,972)
Physical environment	527,143	-	-	-	(527,143)
Health and sanitation	1,435,523	86,571	171,848	-	(1,177,104)
Transportation	2,726,155	-	1,658,166	-	(1,067,989)
Economic development	344,081	-	304,738	400,000	360,657
Human services	332,209	-	-	-	(332,209)
Culture and recreation	527,225	-	-	-	(527,225)
Agriculture	254,258	-	-	-	(254,258)
Court related	512,500	-	26,970	-	(485,530)
Interest on long-term debt	149,240	-	-	-	(149,240)
Total primary government	\$ 18,359,197	\$ 1,967,880	\$ 2,597,006	\$ 400,000	(13,394,311)

General revenues

Taxes	
Property taxes	4,267,574
Local option taxes	1,673,905
Sales tax, other taxes and shared revenue	4,544,580
Investment earnings	6,972
Miscellaneous	3,649,551
Total general revenues	14,142,582
Change in net position	748,271
Net position, beginning as previously reported	9,544,540
Prior period adjustment, Note 21	153,615
Net position, beginning as restated	9,698,155
Net position, ending	\$ 10,446,426

See accompanying notes to financial statements

Jefferson County, Florida
Balance Sheet
Governmental Funds

September 30, 2016

	General Fund	Transportation	Capital Projects	Landfill	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 3,511,536	\$ -	\$ -	\$ -	\$ 480,800	\$ 3,992,336
Restricted cash and cash equivalents	326,138	711,059	500,000	-	873,745	2,410,942
Accounts receivable	274,990	-	-	-	-	274,990
Due from other funds	118,897	-	25	302,646	900,592	1,322,160
Due from agency funds	84,794	-	-	-	-	84,794
Due from other governmental units	1,335,622	202,796	-	23,260	109,678	1,671,356
Inventory	-	95,244	-	-	-	95,244
Total assets	\$ 5,651,977	\$ 1,009,099	\$ 500,025	\$ 325,906	\$ 2,364,815	\$ 9,851,822
Liabilities						
Accounts payable and accrued expenses	\$ 988,177	\$ 47,354	\$ -	\$ 108,972	\$ 40,157	\$ 1,184,660
Interest payable	-	-	-	-	36,908	36,908
Due to other funds	508,881	-	572,370	-	240,909	1,322,160
Due to other governmental units	-	-	-	-	-	-
Due to other agency	9,073	-	-	-	-	9,073
Deferred revenue	136,242	-	-	1,177	180,100	317,519
Total liabilities	1,642,373	47,354	572,370	110,149	498,074	2,870,320
Fund balances						
Nonspendable	-	95,244	-	-	-	95,244
Restricted	326,138	866,501	-	215,757	1,907,391	3,315,787
Unassigned	3,683,466	-	(72,345)	-	(40,650)	3,570,471
Total fund balances	4,009,604	961,745	(72,345)	215,757	1,866,741	6,981,502
Total liabilities and fund balances	\$ 5,651,977	\$ 1,009,099	\$ 500,025	\$ 325,906	\$ 2,364,815	\$ 9,851,822

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, 2016

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

Total fund balances – governmental funds	\$	6,981,502
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Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the governmental funds.		17,091,131
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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		5,705,121
Deferred inflows of resources - pensions		(1,785,259)

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		(17,546,069)
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Net position of governmental activities	\$	10,446,426
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See accompanying notes to financial statements

Jefferson County, Florida

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

For the year ended September 30, 2016

	General Fund	Transportation	Capital Projects
Revenues			
Taxes	\$ 4,280,077	\$ 1,940,305	\$ -
Licenses and permits	132,473	-	-
Intergovernmental	3,128,983	-	-
Grants	2,451,343	69,838	-
Charges for services	1,225,374	-	-
Fines and forfeitures	334,055	-	-
Investment earnings	4,003	1,128	-
Other fees and miscellaneous revenues	1,284,745	17,875	7,258
Total revenues	12,841,053	2,029,146	7,258
Expenditures			
Current:			
General government	3,837,185	-	-
Public health and safety	5,588,630	-	-
Fire safety	-	-	-
Physical environment	89,323	-	-
Health and sanitation	-	-	-
Transportation	991,497	1,391,555	-
Economic development	22,438	-	-
Human services	332,209	-	-
Culture and recreation	495,540	-	-
Agriculture	245,864	-	-
Court related	512,500	-	-
Capital outlay	1,499,052	345,433	-
Debt service			
Principal	39,047	112,835	-
Interest and other charges	82	18,570	-
Total expenditures	13,653,367	1,868,393	-
Excess (deficiency) of revenues over (under) expenditures	(812,314)	160,753	7,258
Other financing sources (uses)			
Transfers in	4,097,626	398,112	-
Transfers out	(5,643,146)	(296,275)	-
Debt proceeds	679,940	291,573	-
Net other financing sources (uses)	(865,580)	393,410	-
Net changes in fund balances	(1,677,894)	554,163	7,258
Fund balances - beginning as previously reported	5,687,498	348,454	(79,603)
Prior period adjustment, Note 21	-	59,128	-
Fund balances - beginning as restated	5,687,498	407,582	(79,603)
Fund balances - ending	\$ 4,009,604	\$ 961,745	\$ (72,345)

See accompanying notes to financial statements

Page 2 of 2
Jefferson County, Florida
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

For the year ended September 30, 2016

	Landfill	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ -	\$ 908,006	\$ 7,128,388
Licenses and permits	-	-	132,473
Intergovernmental	75,103	153,585	3,357,671
Grants	134,183	341,642	2,997,006
Charges for services	86,571	7,590	1,319,535
Fines and forfeitures	-	181,817	515,872
Investment earnings	709	1,132	6,972
Other fees and miscellaneous revenues	1,511,695	827,977	3,649,550
Total revenues	1,808,261	2,421,749	19,107,467
Expenditures			
Current:			
General government	-	300	3,837,485
Public health and safety	-	244,108	5,832,738
Fire safety	-	743,541	743,541
Physical environment	-	-	89,323
Health and sanitation	1,486,866	-	1,486,866
Transportation	-	-	2,383,052
Economic development	-	321,643	344,081
Human services	-	-	332,209
Culture and recreation	-	-	495,540
Agriculture	-	-	245,864
Court related	-	-	512,500
Capital outlay	370,527	578,934	2,793,946
Debt service			
Principal	-	468,549	620,431
Interest and other charges	-	130,588	149,240
Total expenditures	1,857,393	2,487,663	19,866,816
Excess (deficiency) of revenues over (under) expenditures	(49,132)	(65,914)	(759,349)
Other financing sources (uses)			
Transfers in	-	5,541,309	10,037,047
Transfers out	(10,988)	(4,086,638)	(10,037,047)
Debt proceeds	-	127,350	1,098,863
Net other financing sources (uses)	(10,988)	1,582,021	1,098,863
Net changes in fund balances	(60,120)	1,516,107	339,514
Fund balances - beginning as previously reported	275,877	256,147	6,488,373
Prior period adjustment, Note 21	-	94,487	153,615
Fund balances - beginning as restated	275,877	350,634	6,641,988
Fund balances - ending	\$ 215,757	\$ 1,866,741	\$ 6,981,502

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, 2016

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

Net change in fund balances - total governmental funds	\$	339,514
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of net position.		2,793,946
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.		(1,474,199)
The net effect of transactions involving capital assets (i.e. sales, transfers and donations) included in the governmental activities in the statement of activities.		199,993
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.		620,431
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.		(1,098,863)
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.		(58,000)
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		51,343
Pension expenses		(604,965)
Compensated absences		(20,929)
Change in net position	\$	748,271

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, 2016

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	\$ 4,366,518	\$ 4,366,518	\$ 4,280,077	\$ (86,441)
Licenses and permits	114,000	114,000	132,473	18,473
Intergovernmental	3,296,937	3,296,937	3,128,983	(167,954)
Grants	3,371,563	3,371,563	2,451,343	(920,220)
Charges for services	1,515,512	1,515,512	1,225,374	(290,138)
Fines and forfeitures	326,084	326,084	334,055	7,971
Investment earnings	20,000	20,000	4,003	(15,997)
Other fees and miscellaneous revenues	68,907	68,907	1,284,745	1,215,838
Total revenues	13,079,521	13,079,521	12,841,053	(238,468)
Expenditures				
Current:				
General government	5,683,273	3,715,545	3,837,185	(121,640)
Public health and safety	6,452,919	5,300,555	5,588,630	(288,075)
Physical environment	208,756	104,378	89,323	15,055
Transportation	5,420,595	2,841,095	991,497	1,849,598
Economic environment	40,540	20,270	22,438	(2,168)
Human services	725,336	362,668	332,209	30,459
Culture and recreation	932,548	466,274	495,540	(29,266)
Agriculture	500,526	250,263	245,864	4,399
Court related	606,134	537,612	512,500	25,112
Capital outlay	493,976	276,469	1,499,052	(1,222,583)
Debt service	6,732	6,732	39,129	(32,397)
Total expenditures	21,071,335	13,881,861	13,653,367	228,494
Excess (deficiency) of revenues over (under) expenditures	(7,991,814)	(802,340)	(812,314)	(9,974)
Other financing sources (uses)				
Transfers in	4,078,638	4,078,638	4,097,626	18,988
Transfers out	(3,129,245)	(3,129,245)	(5,643,146)	(2,513,901)
Debt proceeds	-	-	679,940	679,940
Net other financing sources (uses)	949,393	949,393	(865,580)	(1,814,973)
Net change in fund balance	(7,042,421)	147,053	(1,677,894)	(1,824,947)
Fund balance - beginning	5,687,498	5,687,498	5,687,498	-
Fund balance - ending	\$ (1,354,923)	\$ 5,834,551	\$ 4,009,604	\$ (1,824,947)

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, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	\$ 1,852,377	\$ 1,852,377	\$ 1,940,305	\$ 87,928
Investment earnings	-	-	1,128	1,128
Grants	-	-	69,838	69,838
Other fees and miscellaneous revenues	100,000	100,000	17,875	(82,125)
Total revenues	1,952,377	1,952,377	2,029,146	76,769
Expenditures				
Current:				
Transportation	1,480,352	1,480,352	1,391,555	88,797
Capital outlay	1,750,000	175,000	345,433	(170,433)
Debt service				
Principal	-	-	112,835	(112,835)
Interest and other charges	-	-	18,570	(18,570)
Total expenditures	3,230,352	1,655,352	1,868,393	(213,041)
Excess (deficiency) of revenues over (under) expenditures	(1,277,975)	297,025	160,753	(136,272)
Other financing sources (uses)				
Transfers in	-	-	398,112	398,112
Transfers out	(297,025)	(297,025)	(296,275)	750
Debt proceeds	-	-	291,573	291,573
Net other financing sources (uses)	(297,025)	(297,025)	393,410	690,435
Net change in fund balance	(1,575,000)	-	554,163	554,163
Fund balance - beginning	407,582	407,582	407,582	-
Fund balance - ending	\$ (1,167,418)	\$ 407,582	\$ 961,745	\$ 554,163

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, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Investment earnings	\$ -	\$ -	\$ -	-
Other fees and miscellaneous revenues	-	-	7,258	7,258
Total revenues	-	-	7,258	7,258
Expenditures				
Current:				
Transportation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	7,258	7,258
Fund balance - beginning	(79,603)	(79,603)	(79,603)	-
Fund balance - ending	\$ (79,603)	\$ (79,603)	\$ (72,345)	\$ 7,258

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, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ -	\$ -	\$ 75,103	\$ 75,103
Grants	90,909	90,909	134,183	43,274
Charges for services	60,000	60,000	86,571	26,571
Investment earnings	-	-	709	709
Other fees and miscellaneous revenues	1,433,409	1,433,409	1,511,695	78,286
Total revenues	1,584,318	1,584,318	1,808,261	223,943
Expenditures				
Current:				
Health and sanitation	1,518,963	1,518,963	1,486,866	32,097
Capital outlay	40,000	40,000	370,527	(330,527)
Total expenditures	1,558,963	1,558,963	1,857,393	(298,430)
Excess (deficiency) of revenues over (under) expenditures	25,355	25,355	(49,132)	(74,487)
Other financing sources (uses)				
Transfers out	(10,988)	(10,988)	(10,988)	-
Net other financing sources (uses)	(10,988)	(10,988)	(10,988)	-
Net changes in fund balances	14,367	14,367	(60,120)	(74,487)
Fund balances - beginning	275,877	275,877	275,877	-
Fund balances - ending	\$ 290,244	\$ 290,244	\$ 215,757	\$ (74,487)

See accompanying notes to financial statements

Jefferson County, Florida
Statement of Fiduciary Net Position
Agency Funds

September 30, 2016

	Agency Funds
<hr/>	
Assets	
Cash and cash equivalents	\$ 1,853,600
<hr/>	
Total assets	\$ 1,853,600
<hr/> <hr/>	
Liabilities	
Due to other governments	\$ 1,532,136
Due to other funds	84,794
Due to others	236,670
<hr/>	
Total liabilities	\$ 1,853,600
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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.

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.

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, 2016, 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 is 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 2016 millage rate assessed by the County was 8.3114 mills.

NOTE 2 - PROPERTY TAXES (CONTINUED)

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

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

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

Delinquent taxes on real property bear interest of 18% per year. On or prior to June 1 following the tax year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer.

Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold tax certificates are held by the County.

Delinquent taxes on personal property bear interest of 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations.

NOTE 3 - DEPOSITS AND INVESTMENTS

At year end, the carrying amount of the County's deposits was \$8,256,871 and the bank balance was \$7,698,834. 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, 2016, 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, 2016 (See Note 1 for definition of cash equivalents) and are included in carrying value and bank balance in the first paragraph of this note. Additional information and investment policies regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration at www.sbafla.com/prime.

As a Florida PRIME participant, the County invests in a pool of investments whereby the County owns a share of the respective pool, not the underlying securities. The State Board of Administration's interpretation of GASB 31 is that the Florida PRIME is currently considered a Securities and Exchange Commission Rule 2a7-like fund, as of September 30, 2016. 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, 2016, 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, 2016, is 50 days. Next interest rate reset for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME at September 30, 2016 is 70 days.

Custodial Credit Risk

At September 30, 2016, 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, 2016, the County did not have any investments that were considered to have a concentration of credit risk.

Jefferson County, Florida
Notes to Financial Statements

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable are ambulance receivables accounted for in the County's General Fund. Accounts receivable totaled \$1,194,634 and is shown net of allowance of doubtful accounts and contractual adjustments of \$919,664. 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 \$214,838.

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, 2016, consisted of the following:

Transfers to General Fund from:	
Nonmajor Governmental Funds	\$ 4,086,638
Landfill Fund	10,988
Transfers to Transportation Trust Fund from:	
General Fund	398,112
Transfers to Nonmajor Governmental Funds from:	
General Fund	5,245,034
Transportation Fund	296,275
<hr/>	
Total interfund transfers	\$10,037,047

The purpose of individual fund interfund receivable and payable balances at September 30, 2016 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, 2016, consisted of the following:

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ 118,897	\$ 508,881
Landfill fund	302,646	-
Capital Projects	25	572,370
Nonmajor governmental funds		
Fines and Forfeitures Fund	-	218,364
Fire Assessment Fund	-	22,545
SHIP Trust Fund	3,289	-
Grant Fund	341,364	-
E-911 Fund	555,939	-
Total	\$ 1,322,160	\$ 1,322,160

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, 2016, but not yet received by the County. The majority of these amounts were received in October and November 2016.

Jefferson County, Florida
Notes to Financial Statements

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016, was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 1,737,456	\$ -	\$ -	\$ 1,737,456
Construction in progress	289,118	692,273	289,118	692,273
Total capital assets not being depreciated	2,026,574	692,273	289,118	2,429,729
Capital assets being depreciated:				
Buildings and improvements	9,878,301	628,327	-	10,506,628
Equipment	9,620,194	1,363,748	2,171,528	8,812,414
Equipment - Sheriff	2,432,250	33,893	-	2,466,143
Roads	31,707,099	364,823	-	32,071,922
Total capital assets being depreciated	53,637,844	2,390,791	2,171,528	53,857,107
Less: Total accumulated depreciation	39,546,651	1,474,199	1,825,145	39,195,705
Total capital assets being depreciated, net	14,091,193	916,592	346,383	14,661,402
Governmental activities capital assets, net	\$ 16,117,767	\$ 1,608,865	\$ 635,501	\$ 17,091,131

Depreciation expense was charged to functions as follows:

Governmental activities	
General government	\$ 406,922
Public safety	309,780
Physical environment	418,152
Transportation	316,962
Culture and recreation	22,383
Total depreciation expense-governmental activities	\$ 1,474,199

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 2.14% to 5.66% per annum. These obligations require monthly and annual installments of various amounts and expire at various dates through 2021.

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, through 2021. 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 borrowed funds in the amount of \$604,500 to construct a building in the industrial park. The note payable includes interest at 3.92%, and includes monthly payments of \$4,447, including interest, through August 2031. The note is collateralized by an assignment of Non-Ad Valorem 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, 2016, was as follows:

	BEGINNING		ENDING		DUE
	BALANCE	ADDITIONS	REDUCTIONS	BALANCE	WITHIN
					ONE YEAR
Governmental activities:					
Revenue bonds	\$ 4,240,000	\$ -	\$ 195,000	\$ 4,045,000	\$ 200,000
Note payable	1,434,075	604,500	254,702	1,783,873	282,448
Capital lease obligations	1,139,772	494,363	710,839	923,296	201,725
Compensated absences	438,045	274,890	253,961	458,974	114,743
Landfill closure and post-closure costs	318,714	-	51,343	267,371	53,474
Total	\$ 7,570,606	\$ 1,373,753	\$ 1,465,845	\$ 7,478,514	\$ 852,390

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, 2016 are as follows:

FISCAL YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES			
	REVENUE BONDS		CAPITAL LEASE OBLIGATIONS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2017	\$ 200,000	\$ 99,325	\$ 201,725	\$ 24,901
2018	200,000	95,325	197,056	18,543
2019	205,000	91,325	265,166	11,664
2020	210,000	87,225	208,447	4,251
2021	215,000	83,025	50,902	1,573
2022-2026	1,150,000	337,803	-	-
2027-2031	1,295,000	194,806	-	-
2032-2036	570,000	25,800	-	-
Total	\$ 4,045,000	\$ 1,014,634	\$ 923,296	\$ 60,932

FISCAL YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES	
	NOTES PAYABLE	
	PRINCIPAL	INTEREST
2017	\$ 282,448	\$ 41,119
2018	290,857	37,158
2019	296,919	31,096
2020	303,121	24,893
2021	172,628	18,864
2022-2026	199,603	67,230
2027-2031	238,297	24,089
Total	\$ 1,783,873	\$ 244,449

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

Defined Benefit Plans

The County participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer 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 Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Benefits Provided

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive 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 \$150 per month, pursuant to Section 112.363, Florida Statutes.

Jefferson County, Florida
Notes to Financial Statements

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

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The employer's contribution rates as of September 30, 2016, were as follows:

	FRS	HIS
Florida Retirement System:		
Regular	5.86%	1.66%
Senior Management Service Class	20.11%	1.66%
Elected county officials' class	40.61%	1.66%
Special Risk	20.91%	1.66%
DROP	11.33%	1.66%

The employer's contributions for the year ended September 30, 2016, were \$745,245 to the FRS and \$96,042 to the HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2016, the County reported a liability for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2016. The County's proportions of the net pension liabilities were based on the County's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net Pension Liability at June 30, 2016	\$ 7,441,356	\$ 2,182,199
Proportion at:		
Current measurement date	0.0295000%	0.0187000%
Prior measurement date	0.0295000%	0.0189000%
Pension expense (benefit)	\$ 1,270,495	\$ 175,757

Jefferson County, Florida
Notes to Financial Statements

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

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 569,767	\$ (69,284)	\$ -	\$ (4,970)
Changes of assumptions	450,180	-	342,442	-
Net difference between projected and actual earnings on pension plan investments	3,423,299	(1,499,799)	1,103	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	619,118	(121,283)	65,575	(89,923)
City contributions subsequent to the measurement date	209,223	-	24,414	
Total	\$ 5,271,587	\$ (1,690,366)	\$ 433,534	\$ (94,893)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2017. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	FRS	HIS
2017	\$ 538,230	\$ 55,388
2018	538,230	55,388
2019	1,285,512	55,388
2020	851,818	55,388
2021	129,656	50,559
Thereafter	28,554	42,117
Total	\$ 3,372,000	\$ 314,228

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

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2016, was determined by an actuarial valuation dated July 1, 2016, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.60%	N/A
Discount rate	7.60%	2.85%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2016 were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2016:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.65% to 7.60%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.80% to 2.85%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation. The reduced investment return assumption of 7.60 percent, which was adopted by the Florida Retirement System Actuarial Assumption Conference, conflicts with the consulting actuary's judgment of a reasonable assumption as defined by Actuarial Standards of Practice No. 27.

Jefferson County, Florida
Notes to Financial Statements

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.0%	3.0%	3.0%
Fixed Income	18.0%	4.7%	4.6%
Global Equity	53.0%	8.1%	6.8%
Real Estate (Property)	10.0%	6.4%	5.8%
Private Equity	6.0%	11.5%	7.8%
Strategic Investments	12.0%	6.1%	5.6%
Total	100.00%		

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.60%. 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 is essentially funded on a pay-as-you-go basis, a municipal bond rate of 2.85% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS Net Pension Liability		
	Current		
	1% Decrease (6.60%)	Discount Rate (7.60%)	1% Increase (8.60%)
Governmental Employer's proportionate share of the net pension liability	\$13,700,040	\$ 7,441,356	\$ 2,231,828

Jefferson County, Florida
Notes to Financial Statements

	HIS Net Pension Liability		
	Current		
	1% Decrease (1.85%)	Discount Rate (2.85%)	1% Increase (3.85%)
Governmental Employer's proportionate share of the net pension liability	\$ 2,503,478	\$ 2,182,199	\$ 1,915,555

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

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, 2016, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the County's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined, although the County expects such amounts, if any, to be immaterial.

Jefferson County, Florida
Notes to Financial Statements

NOTE 12 - FUND EQUITY

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

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

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

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

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

Unassigned – All amounts not included in other spendable classifications.

The County had \$95,244 in non-spendable net position which represents the inventory balance at September 30, 2016.

Restricted Fund Balance:

Funds	Purpose		
General Fund	Funding for:		
	Landfill escrow	\$ 131,233	
	Medical impact fees	63,728	
	Tourist development tax	51,904	
	Fire impact fees	44,542	
	Mosquito Control	34,731	
	Total general fund		\$ 326,138
Special Revenue Fund	Funding for:		
	Transporation		866,501
	Landfill		215,757
	Nonmajor governmental funds		
	E-911	565,164	
	Grants	516,286	
	Fines and Forfeitures	340,837	
	SHIP trust	129,935	
	Debt Service	273,104	
	Sheriff Special Revenue	82,065	
Total nonmajor governmental funds		1,907,391	
Total restricted fund balance		\$ 3,315,787	

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 POST CLOSURE 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, 2016, was \$131,233.

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.

Jefferson County, Florida
Notes to Financial Statements

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

Membership – At September 30, 2016, 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
<u>Total membership</u>	<u>160</u>
<u>Participating employers</u>	<u>1</u>

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 2016 was \$50,663. The chart below shows the cost of the monthly retiree premiums at September 30, 2016.

Coverage	Capital Health Plan
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,	2016
Annual required contribution	\$ 117,000
Interest on prior year net OPEB obligation	15,000
Adjustments to annual required contribution	(33,000)
Annual OPEB costs	99,000
Estimated employer contribution made	(40,000)
Estimated employer contribution made	(1,000)
Increase (decrease) in net OPEB obligation	58,000
Net OPEB obligation, beginning of year	386,000
Estimated net OPEB obligation, end of year	\$ 444,000

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2016 and the prior two (2) years were as follows:

Fiscal Year Ended	Annual OPEB Costs	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/2014	\$ 87,000	24.0%	\$ 326,000
9/30/2015	\$ 98,000	39.0%	\$ 386,000
9/30/2016	\$ 99,000	41.0%	\$ 444,000

Funded Status and Funding Progress – As of September 30, 2016, 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 April 1, 2015, for the fiscal date of October 1, 2015 to September 30, 2016, 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, 2016, gradually decreasing to future rate of 5.00% for the fiscal year ended September 30, 2021. The Unfunded Actuarial Accrued Liability (UAAL) is being amortized over 10-year open period.

NOTE 16 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and/or the public; or damage to property of others. The County purchases commercial insurance against losses for the following types of risk:

- Real and Personal Property Damage
- Public Employees Bond
- Workers' Compensation and employer's liability
- General and automobile Liability
- Comprehensive General Liability
- Accidental death and dismemberment
- Public officials' liability
- Inmate major medical

The Sheriff participates in the Florida Sheriff's Self-Insurance Fund program, which is a public entity risk pool that permits the Sheriff to cover risk relating to professional liability, public officials' liability, public employees' blanket bond, and money and securities coverage. The Sheriff purchases commercial insurance to cover other risks and losses.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

Contractual Commitments

At September 30, 2016, 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 totaling over \$1.7 million to be completed within the 2017 fiscal year.

NOTE 19 - DEFICIT FUND BALANCES

The Board had two special revenue funds with deficit fund balances as of September 30, 2016 as follows:

Funds	Amount
Fire Assessment Fund	\$ (40,650)
Capital Projects Fund	\$ (72,345)

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

Jefferson County, Florida
Notes to Financial Statements

NOTE 20 - BUDGETARY INFORMATION

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

Funds	Amount
Transportation	\$ (198,040)
Landfill fund	\$ (298,430)

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

NOTE 21 – PRIOR PERIOD ADJUSTMENTS

Beginning fund balance for the Fines and Forfeitures fund was restated by \$40,578 as of and for the year ended September 30, 2015 to correct an error related to grant receivables. Grant revenue on the Statement of Revenues, Expenditures, and Changes in Fund Balance would increase by \$40,578 for the year ended September 30, 2015.

Beginning fund balance for the Transportation fund was restated by \$59,128 as of and for the year ended September 30, 2015 to correct an error related to an overpayment of expense in the prior year. Expenses on the Statement of Revenue, Expenditures, and Changes in Fund Balance would decrease by \$59,128 for the year ended September 30, 2015.

Beginning fund balance for the Sheriff Special Revenue funds was restated by \$53,909 to correct an error in the classification of these special revenue funds. In the prior year, these fund were classified as agency funds. There was no effect on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the year ended September 30, 2015.



**COMBINING FINANCIAL
STATEMENTS**

Jefferson County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds (Page 1 of 2)

September 30, 2016

	Special Revenue				
	SHIP Trust Fund	Grants Fund	Fire Assessment	Payroll	E-911 Fund
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 37	\$ -
Restricted cash and cash equivalents	231,730	174,922	-	-	-
Due from other funds	3,289	341,364	-	-	555,939
Due from other governmental units	-	-	11,715	-	13,343
Total assets	\$ 235,019	\$ 516,286	\$ 11,715	\$ 37	\$ 569,282
Liabilities					
Accounts payable and accrued expenses	\$ -	\$ -	\$ 29,820	\$ 37	\$ 4,118
Interest payable	-	-	-	-	-
Due to other funds	-	-	22,545	-	-
Deferred revenue	105,084	-	-	-	-
Total liabilities	105,084	-	52,365	37	4,118
Fund balances					
Restricted	129,935	516,286	-	-	565,164
Unassigned	-	-	(40,650)	-	-
Total fund balances	129,935	516,286	(40,650)	-	565,164
Total liabilities and fund balances	\$ 235,019	\$ 516,286	\$ 11,715	\$ 37	\$ 569,282

See Independent Auditors' Report

Jefferson County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds (Page 2 of 2)

September 30, 2016

	Special Revenue				Total Non-Major Governmental Funds
	Fines and Forfeitures	Debt Service	Literacy Alliance	Sheriff Special Revenue	
Assets					
Cash and cash equivalents	\$ 480,763	\$ -	\$ -	\$ -	\$ 480,800
Restricted cash and cash equivalents	-	310,012	75,016	82,065	873,745
Due from other funds	-	-	-	-	900,592
Due from other governmental units	84,620	-	-	-	109,678
Total assets	\$ 565,383	\$ 310,012	\$ 75,016	\$ 82,065	\$ 2,364,815
Liabilities					
Accounts payable and accrued expenses	\$ 6,182	\$ -	\$ -	\$ -	\$ 40,157
Interest payable	-	36,908	-	-	36,908
Due to other funds	218,364	-	-	-	240,909
Deferred revenue	-	-	75,016	-	180,100
Total liabilities	224,546	36,908	75,016	-	498,074
Fund balances					
Restricted	340,837	273,104	-	82,065	1,907,391
Unassigned	-	-	-	-	(40,650)
Total fund balances	340,837	273,104	-	82,065	1,866,741
Total liabilities and fund balances	\$ 565,383	\$ 310,012	\$ 75,016	\$ 82,065	\$ 2,364,815

See Independent Auditors' Report

Jefferson County, Florida

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (Page 1 of 2)

For the year ended September 30, 2016

	Special Revenue				
	SHIP Trust Fund	Grants Fund	Fire Assessment	Payroll	E-911 Fund
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 153,585
Grants	274,187	30,551	-	-	111
Investment earnings	34	6	-	-	-
Other fees and miscellaneous revenues	-	-	774,663	-	-
Total revenues	274,221	30,557	774,663	-	153,696
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	104,526
Fire safety	-	-	743,541	-	-
Economic development	274,221	47,422	-	-	-
Capital outlay	-	-	361,671	-	-
Debt service					
Principal	-	-	23,801	-	-
Interest and other charges	-	-	4,317	-	-
Total expenditures	274,221	47,422	1,133,330	-	104,526
Excess (deficiency) of revenues over (under) expenditures	-	(16,865)	(358,667)	-	49,170
Other financing sources (uses)					
Transfers in	-	-	501,364	-	-
Transfers out	-	-	(8,000)	-	(270,000)
Proceeds from long-debt	-	-	127,350	-	-
Net other financing sources (uses)	-	-	620,714	-	(270,000)
Net change in fund balances	-	(16,865)	262,047	-	(220,830)
Fund balances - beginning as previously reported	129,935	533,151	(302,697)	-	785,994
Prior period adjustment - Note 21	-	-	-	-	-
Fund balances - beginning as previously reported	129,935	533,151	(302,697)	-	785,994
Fund balances - ending	\$ 129,935	\$ 516,286	\$ (40,650)	\$ -	\$ 565,164

See Independent Auditors' Report

Jefferson County, Florida

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (Page 2 of 2)

For the year ended September 30, 2016

	Special Revenue				Total Non-Major Governmental Funds
	Fines and Forfeitures	Debt Service	Literacy Alliance	Sheriff Special Revenue	
Revenues					
Taxes	\$ 908,006	\$ -	\$ -	\$ -	908,006
Intergovernmental	-	-	-	-	153,585
Grants	36,793	-	-	-	341,642
Charges for services	7,590	-	-	-	7,590
Fines and forfeitures	165,115	-	-	16,702	181,817
Investment earnings	755	312	-	25	1,132
Other fees and miscellaneous revenues	-	-	-	53,314	827,977
Total revenues	1,118,259	312	-	70,041	2,421,749
Expenditures					
Current:					
General government	-	300	-	-	300
Public safety	97,697	-	-	41,885	244,108
Fire safety	-	-	-	-	743,541
Economic development	-	-	-	-	321,643
Capital outlay	217,263	-	-	-	578,934
Debt service					
Principal	-	444,748	-	-	468,549
Interest and other charges	-	126,271	-	-	130,588
Total expenditures	314,960	571,319	-	41,885	2,487,663
Excess (deficiency) of revenues over (under) expenditures	803,299	(571,007)	-	28,156	(65,914)
Other financing sources (uses)					
Transfers in	4,019,442	1,020,503	-	-	5,541,309
Transfers out	(3,808,638)	-	-	-	(4,086,638)
Proceeds from long-debt	-	-	-	-	127,350
Net other financing sources (uses)	210,804	1,020,503	-	-	1,582,021
Net change in fund balances	1,014,103	449,496	-	28,156	1,516,107
Fund balances - beginning as previously reported	(713,844)	(176,392)	-	-	256,147
Prior period adjustment - Note 21	40,578	-	-	53,909	94,487
Fund balances - beginning as previously reported	(673,266)	(176,392)	-	53,909	350,634
Fund balances - ending	\$ 340,837	\$ 273,104	\$ -	\$ 82,065	\$ 1,866,741

See Independent Auditors' Report

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

September 30, 2016

	Clerk of the Circuit Court	Tax Collector	Sheriff	Total
Assets				
Cash and cash equivalents	\$ 259,346	\$ 1,578,951	\$ 15,303	\$ 1,853,600
Total assets	\$ 259,346	\$ 1,578,951	\$ 15,303	\$ 1,853,600
Liabilities				
Due to other governments	\$ -	\$ 1,532,136	\$ -	\$ 1,532,136
Due to other funds	37,979	46,815	-	84,794
Due to others	221,367	-	15,303	236,670
Total liabilities	\$ 259,346	\$ 1,578,951	\$ 15,303	\$ 1,853,600

See Independent Auditors' Report



**REQUIRED SUPPLEMENTARY
INFORMATION**

Jefferson County, Florida
Schedule of Proportional Share of Net Pension Liability - FRS
(Last 4 Fiscal Years)

	2016	2015	2014	2013
County's proportion of the net pension liability (asset)	0.029500%	0.029500%	0.027500%	0.024300%
County's proportionate share of the net pension liability (asset)	\$ 7,441,356	\$ 3,809,280	\$ 1,674,948	\$ 4,185,158
County's covered - employee payroll	\$ 6,117,786	\$ 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	121.63%	62.65%	28.51%	71.87%
FRS Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%	96.09%	N/A

Note: Data was unavailable prior to 2013

See Independent Auditors' Report

Jefferson County, Florida
Schedule of Contributions - FRS
(Last 4 Fiscal Years)

	2016	2015	2014	2013
Contractually required contributions	\$ 745,245	\$ 719,039	\$ 601,305	\$ 327,165
Contributions in relation to the contractually required contribution	(745,245)	(719,039)	(601,305)	(327,165)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
County's covered-employee payroll	\$ 6,117,786	\$ 6,080,100	\$ 5,874,049	\$ 5,823,171
Contributions as a percentage of covered-employee payroll	12.18%	11.83%	10.24%	5.62%

See Independent Auditors' Report

Jefferson County, Florida
Schedule of Proportional Share of Net Pension Liability - HIS
(Last 4 Fiscal Years)

	2016	2015	2014	2013
County's proportion of the net pension liability (asset)	0.018700%	0.018900%	0.018600%	0.022700%
County's proportionate share of the net pension liability (asset)	\$ 2,182,199	\$ 1,926,120	\$ 1,741,841	\$ 1,669,844
County's covered - employee payroll	\$ 6,117,786	\$ 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	35.67%	31.68%	29.65%	28.68%
HIS Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.50%	0.99%	N/A

Note: Data was unavailable prior to 2013

See Independent Auditors' Report

Jefferson County, Florida
Schedule of Contributions - HIS
(Last 4 Fiscal Years)

	2016	2015	2014	2013
Contractually required contributions	\$ 96,042	\$ 72,196	\$ 63,866	\$ 62,827
Contributions in relation to the contractually required contribution	(96,042)	(72,196)	(63,866)	(62,827)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
County's covered-employee payroll	\$ 6,117,786	\$ 6,080,100	\$ 5,874,049	\$ 5,823,171
Contributions as a percentage of covered-employee payroll	1.57%	1.19%	1.09%	1.08%

See Independent Auditors' Report



SUPPLEMENTARY INFORMATION

Jefferson County, Florida
Schedule of Receipts and Expenditures of Funds Related to
the Deepwater Horizon Oil Spill

Source	Amount Received in the 2015-16 Fiscal Year	Amount Expended in the 2015-16 Fiscal Year
British Petroleum	\$ 263,998	\$ -

Note: This schedule does not include funds related to the Deepwater Horizon oil spill that are considered federal awards or state financial assistance. No such funds were received in the 2015-16 fiscal year.



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

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

We have audited, 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, 2016, and have issued our report thereon dated June 30, 2017.

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 a 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 2016-001, Board 2016-002 and Board 2014-001, described in the accompanying schedule of findings and questioned costs to be material weaknesses.

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 2015-001, Clerk C15-01, 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, 2017.

Jefferson County's Response to Findings

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

Purpose of this Report

This report is intended solely for the information and use of the County, Constitutional Officers and management, the State of Florida Auditor General, specific legislative or regulatory bodies, and 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.

Carri Riggs & Ingram, L.L.C.

June 30, 2017

**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**

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 Jefferson County, Florida, Board of County Commissioners' (the County) compliance 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, 2016. 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 and Chapter 10.550, Rules of the Florida Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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, 2016.

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 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 with Chapter 10.550, Rules of the Florida Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

June 30, 2017

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

For the year ended September 30, 2016

State Agency				
State Program Title	CSFA	Grant/ Contract		
State Financial Assistance Projects	Number	Number		Expenditures
Florida Housing Finance Corporation				
Florida Housing Finance Corporation Program				
State Housing Initiatives Partnership Program (SHIP)	40.901	n/a	\$	274,224
Total Florida Housing Finance Corporation				274,224
Florida Department of State and Secretary of State				
Library and Information Services Program				
State Aid to Libraries	45.030	16-ST-96		253,635
Historical Resources Preservation and Exhibition				
Historic Preservation Grant	45.031	S1523		50,000
Acquisition, Restoration of Historic Property - Monticello	45.032	SC509		350,000
Total Florida Department of State and Secretary of State				653,635
Florida Executive Office of the Governor				
Emergency Management				
Emergency Management Programs - Preparedness & Assistance	31.063	16-BG-83-02-43-01-032		64,678
Total Executive Officer of the Governor				64,678
Florida Department of Environmental Protection				
Waste Management Program				
Cooperative Collection Center Grant	37.007	SO665		35,198
Small County Consolidated Grant - Solid Waste	37.012	SC619		90,909
Total Florida Department of Environmental Protection				126,107

See Independent Auditors' Report and Notes to Schedule of Expenditures of State Financial Assistance Projects

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

For the year ended September 30, 2016

State Agency			Grant/ Contract	
State Program Title	CSFA		Number	Expenditures
State Financial Assistance Projects	Number		Number	
Florida Department of Transportation				
Transportation Systems Operations Program				
State Highway Project Reimbursement - Landscape Grant	55.023		416533-8-58-22	319,485
Total SCOP				319,485
Transportation Systems Operations Program				
Small County Outreach Program (SCOP) - Barrington Road	55.009		G0302/435187-1-54-01	358,088
Small County Outreach Program (SCOP) - Big Joe Road	55.009		G0303/436825-1-54-01	516,932
Total SCOP				875,020
Highway Operations Program				
Small County Road Assistance Program (SCRAP) - Piney wood Rd.	55.016		G0342	66,545
Small County Road Assistance Program (SCRAP) - St. Augustine Rd.	55.016		G0302	47,172
Total SCRAP				113,717
Florida Department of Transportation				1,308,222
Florida Department of Health				
Emergency Medical Services Program				
EMS Matching Awards - County Grant	64.003		R-3002	15,000
Total Florida Department of Health				15,000
Florida Department of Agriculture				
Consumer Protection Program				
Mosquito Control	42.003		n/a	35,198
Total Florida Department of Agriculture				35,198
Total Expenditures of State Financial Assistance Projects				\$ 2,477,064

See Independent Auditors' Report and Notes to Schedule of Expenditures of State Financial Assistance Projects

Jefferson County, Florida
Notes to Schedule of Expenditures of
State Financial Assistance Projects
For the year ended September 30, 2016

NOTE 1 - BASIS OF ACCOUNTING

The supplementary Schedule of Expenditures of State Financial Assistance Projects includes 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 Florida 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, 2016

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*." Three instances of material weaknesses material to the financial statements of the County were disclosed during the audit.
3. No instances of noncompliance material to the financial statements of the County were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major state financial assistance projects are reported in the "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".
5. The "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" for Jefferson County, Florida expresses an unmodified opinion.
6. There were no findings relative to the major state financial assistance projects for Jefferson County, Florida.
7. The programs/projects tested as major programs/projects included the following:

State Projects	CSFA No.
Florida Department of State and Secretary of State	
Acquisition, Restoration of Historic Properties	45.032
Florida Department of Transportation	
State Highway Project Reimbursement - Landscape Grant	55.023
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.

Jefferson County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2016

B. FINDINGS - FINANCIAL STATEMENT AUDIT

BOARD OF COUNTY COMMISSIONERS

Lease-Purchase of Equipment - Board 2016-001

COMMENT: Equipment purchased through lease-purchase financing arrangements was not properly recorded. Payments on this debt were not properly charged to principal and interest.

RECOMMENDATION: All lease-purchase debt and related capital outlay should be properly recorded and payments charged to principal and interest.

Classification of Revenues - Board 2016-002

COMMENT: Various transactions were posted to Miscellaneous Revenues instead of properly classifying them as debt proceeds, grants or other revenue sources.

RECOMMENDATION: Transactions should be properly recorded and classified in accounts which clearly reflect the source of funds.

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, 2016

PRIOR-YEAR FINDINGS AND QUESTIONED COSTS

MAJOR STATE PROJECTS

None

FINANCIAL STATEMENT AUDIT

BOARD OF COUNTY COMMISSIONERS

Grant Accounting - Board 2015-001 – NOT RESOLVED

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.

STATUS: This condition continues to exist.

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

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.

STATUS: This condition has been resolved.

Jefferson County, Florida
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2016
(Continued)

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 – 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 has been resolved.

CLERK OF CIRCUIT COURT

Significant Deficiency Clerk of Circuit Court C15-01 – ACCRUAL ACCOUNTING – NOT RESOLVED

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.

STATUS: This condition continues to exist.

Jefferson County, Florida
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2016
(Continued)

BOARD OF COUNTY COMMISSIONERS, CLERK OF CIRCUIT COURT, SHERIFF AND SUPERVISOR OF ELECTIONS

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 for the Board of County Commissioners, the Clerk of Circuit Court, the Sheriff and the Supervisor of Elections. The condition has been resolved for the Property Appraiser and the Tax Collector.

BOARD OF COUNTY COMMISSIONERS, CLERK OF CIRCUIT COURT, AND SUPERVISOR OF ELECTIONS

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 for the Board of County Commissioners, the Clerk of Circuit Court, and the Supervisor of Elections. The condition has been resolved for the Property Appraiser, the Sheriff and the Tax Collector.



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Marianna, FL 32446

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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, 2016, and have issued our report thereon dated June 30, 2017.

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 Florida Auditor General. Disclosures in those reports and schedules, which are dated June 30, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Florida 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 16-01: Expenditures exceeded budgeted amounts for the transportation 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 Florida 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 Florida 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 Florida 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 Florida Auditor General, requires that we determine whether the annual financial report for Jefferson County, Florida for the fiscal year ended September 30, 2016, 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, 2016. 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 Florida 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 Florida 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, 2017

**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, 2016. 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, 2016.

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, 2017

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
SECTIONS 365.172(10) AND 365.173(2)(d), FLORIDA STATUTES**

To the Honorable Board of County Commissioners
of Jefferson County, Florida
Monticello, Florida

We have examined Jefferson County, Florida's (the County) compliance with the requirements of Section 365.172(10), Florida Statutes, *Authorized Expenditures of E911 Fee*, and Section 365.173(2)(d), Florida Statutes, *Distribution and Use of (E911) Funds*, during the year ended September 30, 2016. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County'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 County'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 County's compliance with specified requirements.

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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, 2017



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

RE: 2015-2016 Audit Report Findings

Dear Ms. Norman:

In regards to the auditor's findings 2016-001, 2016-002, 2015-001, 2014-001, 2013-002, 2008-001, 2008-002 and ML 16-01 for the year ending September 30, 2016.

We agree with finding and recommendation 2016-001 that all lease purchase debt and capital outlay should be properly recorded and charged to principle and interest. We also agree with finding and recommendation 2016-002 that various debt and grant proceeds should be classified in accounts which clearly reflect the source of the funds. Moving forward one potential strategy to resolve this issue may be to have a centralized Grant coordinator that would be responsible for all efforts associated with each Constitutional Office and the County. This would require support from each of the County entities but it could alleviate much of the confusion, miscommunication and recording issues that are currently associated with County Grants and Emergency declarations.

We agree with finding and recommendation 2015-001 that the accrual basis of accounting should be followed when recording all grant transactions. This is one area the County needs to better coordinate its efforts in aggregate to ensure that each Constitutional Office as well as the County are working together to help ensure that Grant and Emergency declaration are being properly recorded. As state above, one potential resolution may be to have one person and/or office that is ultimately responsible for all Grants and Emergency declarations.

We agree with finding and recommendation 2014-001 to review all expenditure and revenue items to help ensure they are properly recorded in the year in which they occurred.

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 C08-01 that there is not an ideal separation of certain accounting and administrative duties among employees. Due to the size and limited resources available to Jefferson County, we do not have the ability to hire the additional staff necessary to resolve this issue. We will continue to educate and train staff in order to strengthen our internal controls as well as possible given the lack of resources available to our office. We also 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 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.

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

We agree with finding ML 16-01 and recommendation that expenditures should be monitored for compliance with budgets timely and that any amendments will need to be made prior to 60 days after the end of the budget cycle.

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

Sincerely,



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





KIRK REAMS
Jefferson County
Clerk of Court & CFO

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

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

RE: 2015-2016 Audit Report Findings

Dear Ms. Norman:

In regards to the auditor's findings C15-01, C08-01 and C08-02 for the year ending September 30, 2016.

We agree with finding C15-01 and the recommendation to review all revenues and record them in the Fiscal Year they incurred. When the Clerk of the Circuit Court's aggregate funding model was revised to include both Local and State revenues, multiple new revenue sources were introduced to help ensure adequate funding. Some of these new sources change each year based on factors outside the Clerk's Office control. For example, the Title IV-D child support program, Juror Funding model and Foreclosure assistance are modified annually due to participation rates and available statewide revenues. That being said it is not uncommon for revenues associated with program like these to be received after either the State or County Fiscal Year has ended. Moving forward, we will make every effort to ensure all revenues are recorded in the year incurred.

We agree with finding C08-01 that there is not an ideal separation of certain accounting and administrative duties among employees. Due to the size and limited resources available to the Jefferson County Clerk of the Circuit Courts Office, we do not have the ability to hire the additional staff necessary to resolve this issue. We will continue to educate and train staff in order to strengthen our internal controls as well as possible given the lack of resources available to our office.

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 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.

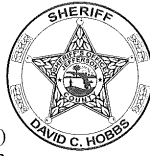
Sincerely,

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



Jefferson County, Florida
Management's Response

Sheriff



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

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

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

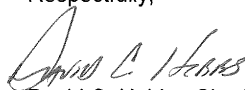
Re: 2015-2016 Audit Report Findings

Dear Sir,

This is in reply to our auditor's findings for the year ended September 30, 2016.

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



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, 2016.

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

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

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

Sincerely,

A handwritten signature in black ink that reads "Marty Bishop". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Marty Bishop
Jefferson County Supervisor of Elections



**SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

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

Special-Purpose Financial Statements

September 30, 2016



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRlcpa.com

Jefferson County, Florida
Clerk of the Circuit Court
Table of Contents
September 30, 2016

REPORT

Independent Auditors' Report	1
------------------------------	---

SPECIAL-PURPOSE FINANCIAL STATEMENTS

Special-Purpose Balance Sheet - Governmental Fund	3
---	---

Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	4
--	---

Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	5
---	---

Special-Purpose Statement of Fiduciary Net Position - Agency Funds	6
--	---

Notes to Special-Purpose Financial Statements	7
---	---

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 <i>Government Auditing Standards</i>	16
---	----

Independent Accountants' Report on Compliance with Section 218.415, Florida Statutes, <i>Local Government Investment Policies</i>	19
---	----

Independent Accountants' Report on Compliance with Section 28.35, Florida Statutes, <i>Florida Clerks of Court Operations Corporation</i> , and Section 28.36, Florida Statutes, <i>Budget Procedure</i>	20
--	----

Independent Accountants' Report on Compliance with Section 61.181, Florida Statutes, <i>Depository for Alimony Transactions, Support, Maintenance and Support Payments; Fees</i>	21
--	----

Independent Auditors' Management Letter	22
---	----

Management's Response	24
-----------------------	----



REPORT





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Marianna, FL 32446

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of the Jefferson County, Florida Clerk of the Circuit Court (the "Clerk") as of and for the year ended September 30, 2016, 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, 2016, 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, 2017 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 28, 2017



**SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

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

September 30, 2016

	General Fund
Assets	
Restricted cash and cash equivalents	\$ 50,378
Due from other funds	37,979
Due from other governmental units	4,372
Total assets	\$ 92,729
Liabilities	
Due to other governmental units	\$ -
Total liabilities	-
Fund balances	
Restricted	92,729
Total liabilities and fund balances	\$ 92,729

The accompanying notes are an integral part of these 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, 2016

	General Fund
Revenues	
Charges for services	\$ 158,296
Intergovernmental	35,185
Grants	26,970
Fines and forfeitures	334,055
Miscellaneous	1,994
Total revenues	556,500
Expenditures	
General government	
Personal services	288,171
Operating expenses	123,180
Court-related	
Personal services	361,320
Operating expenses	103,386
Total expenditures	876,057
Excess (deficiency) of revenues over (under) expenditures	(319,557)
Other financing sources (uses)	
Transfers in	275,000
Net other financing sources (uses)	275,000
Net change in fund balance	(44,557)
Fund balances - beginning - Restricted	137,286
Fund balances - ending - Restricted	\$ 92,729

The accompanying notes are an integral part of these 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, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Charges for services	\$ 160,000	\$ 160,000	\$ 158,296	\$ (1,704)
Intergovernmental	85,750	85,750	35,185	(50,565)
Grants	37,025	37,025	26,970	(10,055)
Fines and forfeitures	326,084	326,084	334,055	7,971
Miscellaneous	1,000	1,000	1,994	994
Total revenues	609,859	609,859	556,500	(53,359)
Expenditures				
General government				
Personal services	288,177	288,177	288,171	6
Operating expenses	127,592	127,592	123,180	4,412
Court-related				
Personal services	361,328	361,328	361,320	8
Operating expenses	107,762	107,762	103,386	4,376
Total expenditures	884,859	884,859	876,057	8,802
Excess (deficiency) of revenues over (under) expenditures	(275,000)	(275,000)	(319,557)	(44,557)
Other financing sources (uses)				
Transfers in	275,000	275,000	275,000	-
Net other financing sources (uses)	275,000	275,000	275,000	-
Net change in fund balance	\$ -	\$ -	\$ (44,557)	\$ (44,557)

The accompanying notes are an integral part of these financial statements

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

September 30, 2016

	Agency Funds
Assets	
Cash and cash equivalents	\$ 259,346
Total assets	\$ 259,346
Liabilities	
Due to others	\$ 221,367
Due to other funds	37,979
Total liabilities	\$ 259,346

The accompanying notes are an integral part of these 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, 2016, the carrying amount of the Clerk's cash and cash equivalents and restricted cash was \$309,724 and the bank balance was \$316,153. 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.

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.

Interest Rate Risk

At September 30, 2016, the Clerk did not hold any deposits or investments that were considered to have interest rate risk.

Custodial Credit Risk

At September 30, 2016, the Clerk did not hold any deposits or investments that were considered to have custodial credit risk.

Concentration of Credit Risk

At September 30, 2016, the Clerk did not hold any investments that were considered to have concentration of credit risk.

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

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, 2016, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Compensated absences	\$ 25,445	\$ 22,186	\$ 21,951	\$ 25,680	\$ 6,420
Total	\$ 25,445	\$ 22,186	\$ 21,951	\$ 25,680	\$ 6,420

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.

NOTE 4 - EMPLOYEE PENSION PLAN

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

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

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

NOTE 4 - EMPLOYEE PENSION PLAN (CONTINUED)

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

	10/01/15 Through 06/30/16	07/01/16 Through 09/30/16
Regular employees	7.26%	7.52%
Senior Management	21.43%	21.77%
Elected county officials' class	42.27%	42.47%
Drop participants	12.88%	12.99%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2015 through September 30, 2016, the total payroll for the Clerk employees covered by the System was \$518,688. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2016, 2015 and 2014 were \$81,545, \$79,792 and \$70,049 respectively, which equal the required contributions. For the year ended September 30, 2016, retirement contributions represent 15.72% 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
Clerk of the Circuit Court
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 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.

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.

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, 2016, there were no excess court-related fees.

NOTE 7 - FUND EQUITY

Non-spendable fund balances include amounts that cannot be spent because they are not spendable form or are legally or contractually required to be maintained intact. The Clerk had no non-spendable net assets at September 30, 2016.

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, 2016, 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.

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

NOTE 7 - FUND EQUITY (CONTINUED)

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	\$ 46,427
	Court-related technology	41,163
	Court-related operational needs and program enhancements	5,139
	Total restricted fund equity	\$ 92,729

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 \$26,970.

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, 2016.



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, 2016, 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 28, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described below as finding No. C08-01, C08-02 and C15-01 that we consider to be significant deficiencies.

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

PRIOR YEAR FINDINGS AND RECOMMENDATIONS:

Need for Segregation of Duties C08-01

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

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

STATUS: This condition continues to exist.

Preparation of GAAP-based Financial Statements C08-02

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

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

STATUS: This condition continues to exist.

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.

STATUS: This condition continues to exist.

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

Compliance and Other Matters

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

Clerk's Response to Findings

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

Purpose of this Report

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

Carly Riggs & Ingram, L.L.C.

June 28, 2017



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**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, 2016. 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, 2016.

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, 2017

**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, 2016. 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, 2016.

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, 2017

**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, 2016. 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, 2016.

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, 2017

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, 2016, and have issued our report thereon dated June 28, 2017.

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 28, 2017, 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.

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 28, 2017

**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: 2015-2016 Audit Report Findings

Dear Ms. Norman:

In regards to the auditor's findings C15-01, C08-01 and C08-02 for the year ending September 30, 2016.

We agree with finding C15-01 and the recommendation to review all revenues and record them in the Fiscal Year they incurred. When the Clerk of the Circuit Court's aggregate funding model was revised to include both Local and State revenues, multiple new revenue sources were introduced to help ensure adequate funding. Some of these new sources change each year based on factors outside the Clerk's Office control. For example, the Title IV-D child support program, Juror Funding model and Foreclosure assistance are modified annually due to participation rates and available statewide revenues. That being said it is not uncommon for revenues associated with program like these to be received after either the State or County Fiscal Year has ended. Moving forward, we will make every effort to ensure all revenues are recorded in the year incurred.

We agree with finding C08-01 that there is not an ideal separation of certain accounting and administrative duties among employees. Due to the size and limited resources available to the Jefferson County Clerk of the Circuit Courts Office, we do not have the ability to hire the additional staff necessary to resolve this issue. We will continue to educate and train staff in order to strengthen our internal controls as well as possible given the lack of resources available to our office.

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 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, 2016



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

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**Jefferson County, Florida
Property Appraiser
Table of Contents
September 30, 2016**

REPORT	1
Independent Auditors' Report	
SPECIAL-PURPOSE FINANCIAL STATEMENTS	
Special-Purpose Balance Sheet - Governmental Fund	3
Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	4
Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	5
Notes to Special-Purpose Financial Statements	6
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 <i>Government Auditing Standards</i>	14
Independent Accountants' Report on Compliance with Section 218,415, Florida Statutes, <i>Local Government Investment Policies</i>	17
Independent Auditors' Management Letter	18



REPORT





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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of the Jefferson County, Florida, Property Appraiser (the "Property Appraiser") as of and for the year ended September 30, 2016, 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, 2016, 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, 2017 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, 2017



**SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

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

September 30, 2016

	General Fund
Assets	
Cash and cash equivalents	\$ 4,032
Total assets	\$ 4,032
Liabilities	
Due to Board of County Commissioners	\$ 4,032
Total liabilities	4,032
Fund balance	-
Total liabilities and fund balance	\$ 4,032

The accompanying notes are an integral part of these 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, 2016

	General Fund
Revenues	
Charges for services	\$ 5,523
Investment earnings	55
Other fees and miscellaneous	80
Total revenues	5,658
Expenditures	
General government	
Personal services	419,319
Operating expenses	142,559
Capital outlay	28,940
Debt service	
Principal	6,265
Interest and other charges	82
Total expenditures	597,165
Deficiency of revenues under expenditures	(591,507)
Other financing sources (uses)	
Transfers in	595,539
Transfers out	(4,032)
Net other financing sources	591,507
Net change in fund balance	-
Fund balance - beginning	-
Fund balance - ending	\$ -

The accompanying notes are an integral part of these 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, 2016

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
Expenditures				
General government				
Personal services	\$ 420,105	\$ 420,105	\$ 419,319	\$ 786
Operating expenses	136,831	136,831	136,901	(70)
Capital outlay	31,762	31,762	28,940	2,822
Debt service				
Principal	6,732	6,732	6,265	467
Interest and other charges	-	-	82	(82)
Total expenditures	595,430	595,430	591,507	3,923
Deficiency of revenues under expenditures	(595,430)	(595,430)	(591,507)	3,923
Other financing sources (uses)				
Transfer in	595,430	595,430	595,539	109
Transfer out	-	-	(4,032)	(4,032)
Net other financing sources	595,430	595,430	591,507	(3,923)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these 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:

	Total Expenditures	Total Revenue
GAAP basis	\$ 597,165	\$ 597,165
Non-budgeted revenues and expenditures:		
Revenues other than appropriations from the Board of County Commissioners and related expenditures	(5,658)	(5,658)
Budgetary basis	\$ 591,507	\$ 591,507

Cash and Cash Equivalents

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

Capital Assets and Depreciation

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

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

Furniture, machinery, and equipment	3-30 years
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Jefferson County, Florida
Property Appraiser
Notes to Special-Purpose Financial Statements

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, 2016, the carrying amount of the Property Appraiser's cash and cash equivalents was \$4,032 and the bank balance was \$73,358. 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, 2016, the Property Appraiser did not hold any deposits or investments that were considered to have credit risk.

Interest Rate Risk

At September 30, 2016, the Property Appraiser did not hold any investments that were considered to have interest rate risk.

Custodial Credit Risk

At September 30, 2016, 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, 2016, 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, 2016, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Notes payable	\$ 6,265	\$ -	\$ 6,265	\$ -	\$ -
Compensated absences	7,588	16,625	12,347	11,866	2,967
Total	\$ 13,853	\$ 16,625	\$ 18,612	\$ 11,866	\$ 2,967

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

NOTE 4 - EMPLOYEE PENSION PLAN

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

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

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

NOTE 4 - EMPLOYEE PENSION PLAN (CONTINUED)

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

	10/01/15 Through <u>06/30/16</u>	07/01/16 Through <u>09/30/16</u>
Regular employees	7.26%	7.52%
Elected county officials	42.27%	42.47%
DROP participants	12.88%	12.99%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2015 through September 30, 2016, the total payroll for the Property Appraiser employees covered by the System was \$336,106. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2016, 2015 and 2014 were \$57,520, \$61,055 and \$51,392 respectively, which equal the required contributions. For the year ended September 30, 2016, retirement contributions represent 17.11% 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.

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, 2016, 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, 2017.

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.

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 - 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 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 has been resolved.

Preparation of GAAP-based Financial Statements PA08-02 - RESOLVED

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 has been resolved.

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

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.

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

June 28, 2017



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

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

We have examined Jefferson County, Florida Property Appraiser (the "Property Appraiser") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2016. 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, 2016.

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, 2017

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, 2016, and have issued our report thereon dated June 28, 2017.

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, 2017, 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.

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, 2017

**Jefferson County, Florida
Sheriff**

Special-Purpose Financial Statements

September 30, 2016



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRIcpa.com

Jefferson County, Florida
Sheriff
Table of Contents
September 30, 2016

REPORT

Independent Auditors' Report	1
------------------------------	---

SPECIAL-PURPOSE FINANCIAL STATEMENTS

Special-Purpose Balance Sheet - Governmental Funds	3
--	---

Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	4
---	---

Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	5
---	---

Special-Purpose Statement of Fiduciary Net Position - Agency Funds	6
--	---

Notes to Special-Purpose Financial Statements	7
---	---

SUPPLEMENTARY INFORMATION

Combining Special-Purpose Balance Sheet – Nonmajor Governmental Funds	16
---	----

Combining Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	17
---	----

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 <i>Government Auditing Standards</i>	18
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Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes, <i>Local Government Investment Policies</i>	21
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Independent Auditors' Management Letter	22
---	----

Management's Response	24
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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 each major fund and the aggregate remaining fund information of the Jefferson County, Florida, Sheriff (the "Sheriff") as of and for the year ended September 30, 2016, 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 each major fund and the remaining fund information of the Sheriff as of September 30, 2016, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2017 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.

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

June 28, 2017



**SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

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

September 30, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 93,602	\$ -	\$ 93,602
Restricted cash and cash equivalents	-	82,065	82,065
Total assets	\$ 93,602	\$ 82,065	\$ 175,667
Liabilities			
Accounts payable	\$ 93,564	\$ -	\$ 93,564
Due to Board of County Commissioners	38	-	38
Total liabilities	93,602	-	93,602
Fund balance			
Restricted	-	82,065	82,065
Unassigned	-	-	-
Total liabilities and fund balances	\$ 93,602	\$ 82,065	\$ 175,667

The accompanying notes are an integral part of these financial statements

**Jefferson County, Florida
Sheriff**

**Special-Purpose Statement of Revenues, Expenditures, and
Changes in Fund Balance
Governmental Funds**

For the year ended September 30, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Grants	\$ 131,753	\$ -	\$ 131,753
Fines and forfeitures	-	16,702	16,702
Investment earnings	-	25	25
Other fees and miscellaneous revenues	-	53,314	53,314
Total revenues	131,753	70,041	201,794
Expenditures			
Current:			
Public safety and health - Personal services	3,066,772	-	3,066,772
Public safety and health - Operating expenses	1,109,688	41,885	1,151,573
Capital outlay	33,893	-	33,893
Total expenditures	4,210,353	41,885	4,252,238
Excess (deficiency) of revenues over (under) expenditures	(4,078,600)	28,156	(4,050,444)
Other financing sources (uses)			
Transfers in	4,078,638	-	4,078,638
Transfers out	(38)	-	(38)
Net other financing sources (uses)	4,078,600	-	4,078,600
Net change in fund balance	-	28,156	28,156
Fund balance - beginning, as previously reported	-	-	-
Prior period adjustment, fund classification, note 9	-	53,909	53,909
Fund balance - beginning, as restated	-	53,909	53,909
Fund balance - ending	\$ -	\$ 82,065	\$ 82,065

The accompanying notes are an integral part of these 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, 2016

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Grants	\$ 131,753	\$ 131,753	\$ 131,753	\$ -
Total revenues	131,753	131,753	131,753	-
Expenditures				
Current:				
Public safety and health - Personal services	3,282,443	3,282,443	3,066,772	215,671
Public safety and health - Operating expenses	860,748	860,748	1,109,688	(248,940)
Capital outlay	62,200	62,200	33,893	28,307
Contingency	5,000	5,000	-	5,000
Total expenditures	4,210,391	4,210,391	4,210,353	38
Excess (deficiency) of revenues over (under) expenditures	(4,078,638)	(4,078,638)	(4,078,600)	38
Other financing sources (uses)				
Transfers in	4,078,638	4,078,638	4,078,638	-
Transfers out	-	-	(38)	(38)
Total other financing sources	4,078,638	4,078,638	4,078,600	(38)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

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

September 30, 2016

	Agency Funds
Assets	
Cash	15,303
<hr/>	
Total assets	\$ 15,303
<hr/> <hr/>	
Liabilities	
Due to others	15,303
<hr/>	
Total liabilities	\$ 15,303
<hr/> <hr/>	

The accompanying notes are an integral part of these 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.

In addition, the Sheriff reported the following non-major governmental funds:

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenues sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Sheriff reports the following special revenue funds in the financial statements under the title "Other Governmental Funds."

Inmate Welfare - Accounts for the activities related to operation of inmate commissary.

Investigative Fund - Accounts for revenues and expenditures relating to various forfeitures, investigative fees and restitution.

PGI Fund - Accounts for revenues and expenditures relating to various forfeitures and fees from drug related offenses.

Confiscated Funds - Accounts for revenues and expenditures relating to various forfeitures and fees from drug related offenses.

Charitable Contribution Fund - Accounts for revenues and expenditures relating to public donations to assist the less fortunate.

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.

Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Notes to Special-Purpose Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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
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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, 2016, the carrying amount of the Sheriff's cash and cash equivalents and restricted cash was \$190,970 and the bank balance was \$207,113. 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, 2016, the Sheriff did not hold any deposits or investments that were considered to have credit risk.

Interest Rate Risk

At September 30, 2016, the Sheriff did not hold any investments that were considered to have interest rate risk.

Custodial Credit Risk

At September 30, 2016, 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, 2016, 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, 2016, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Compensated absences	\$ 187,372	\$ 109,223	\$ 107,022	\$ 189,573	\$ 47,393
Total	\$ 187,372	\$ 109,223	\$ 107,022	\$ 189,573	\$ 47,393

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

NOTE 4 - EMPLOYEE PENSION PLAN

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

Notes to Special-Purpose Financial Statements

NOTE 4 - EMPLOYEE PENSION PLAN (CONTINUED)

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

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

	10/01/15 Through 06/30/16	07/01/16 Through 9/30/16
Regular employees	7.26%	7.52%
Senior management	21.43%	21.77%
Elected county officials	42.27%	42.47%
Special risk employees	22.04%	22.57%
DROP participants	12.88%	12.99%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2015 through September 30, 2016, the total payroll for the Sheriff employees covered by the System was \$2,185,400. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2016, 2015 and 2014 were \$364,864, \$359,661 and \$324,440 respectively, which equal the required contributions. For the year ended September 30, 2016 retirement contributions represent 16.70% 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.

Notes to Special-Purpose Financial Statements

NOTE 4 - EMPLOYEE PENSION PLAN (CONTINUED)

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 Sheriff'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.

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 Sheriff 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 - 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, 2016, 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 7 - 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 8 - 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.

NOTE 9 - PRIOR PERIOD ADJUSTMENT

Beginning fund balance was restated by \$39,532, \$3,025, and \$11,352 for the Inmate Welfare Fund, Charitable Contribution Fund, and Investigative Resource Fund, respectively, to correct an error in the classification as fiduciary funds in the prior year. There was no effect on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the year ended September 30, 2015.

NOTE 10 - 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 Sheriff had no non-spendable net assets at September 30, 2016.

Spendable fund balances are classified based on a hierarchy of the Sheriff'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 ending September 30, 2016, the Sheriff reports fund balances as restricted. Restricted fund balance has 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. Assigned fund balance has constraints placed on the use of resources by the Sheriff's intent to use the resources for specific purposes. Unassigned fund balance has not been restricted, committed or assigned to specific purposes within the general fund.



SUPPLEMENTARY INFORMATION

Jefferson County, Florida
Sheriff
Combining Special-Purpose Balance Sheet -
Nonmajor Governmental Funds

September 30, 2016

	Inmate Welfare Fund	Investigative Fund	PGI Fund	Confiscated Funds	Charitable Contribution Fund	Total Nonmajor Governmental Funds
Assets						
Restricted cash and cash equivalents	\$ 53,744	\$ 8,617	\$ 937	\$ 16,702	\$ 2,065	\$ 82,065
Total assets	\$ 53,744	\$ 8,617	\$ 937	\$ 16,702	\$ 2,065	\$ 82,065
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-	-	-
Fund balance - restricted	53,744	8,617	937	16,702	2,065	82,065
Total liabilities and fund balances	\$ 53,744	\$ 8,617	\$ 937	\$ 16,702	\$ 2,065	\$ 82,065

See Independent Auditors' Report

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

For the year ended September 30, 2016

	Inmate Welfare Fund	Investigative Fund	PGI Fund	Confiscated Funds	Charitable Contribution Fund	Total Nonmajor Governmental Funds
Revenues						
Fines and forfeitures	\$ -	\$ -	\$ -	\$ 16,702	\$ -	\$ 16,702
Investment earnings	25	-	-	-	-	25
Other fees and miscellaneous revenues	30,666	-	2,162	-	20,486	53,314
Total revenues	30,691	-	2,162	16,702	20,486	70,041
Expenditures						
Current:						
Public safety and health - Operating expenses	16,479	2,735	1,225	-	21,446	41,885
Total expenditures	16,479	2,735	1,225	-	21,446	41,885
Excess (deficiency) of revenues over (under) expenditures	14,212	(2,735)	937	16,702	(960)	28,156
Net change in fund balance	14,212	(2,735)	937	16,702	(960)	28,156
Fund balance - beginning, as previously reported	-	-	-	-	-	-
Prior period adjustment, fund classification, note 9	39,532	11,352	-	-	3,025	53,909
Fund balance - beginning, as restated	39,532	11,352	-	-	3,025	53,909
Fund balance - ending	\$ 53,744	\$ 8,617	\$ 937	\$ 16,702	\$ 2,065	\$ 82,065

See Independent Auditors' Report

**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, 2016, 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 28, 2017.

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 a certain deficiency in internal control described below as finding No. S08-01 that we consider to be a significant deficiency.

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 - RESOLVED

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 has been resolved.

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 28, 2017

**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, 2016. 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, 2016.

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, 2017

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, 2016, and have issued our report thereon dated June 28, 2017.

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

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, 2017, 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 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.

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 in our management letter 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

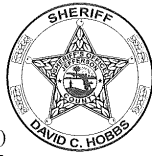
Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Jefferson County, Florida Sheriff and applicable management, 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 28, 2017

Jefferson County, Florida
Sheriff
Management's Response

Sheriff



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

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

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

Re: 2015-2016 Audit Report Findings

Dear Sir,

This is in reply to our auditor's findings for the year ended September 30, 2016.

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
Supervisor of Elections**

Special-Purpose Financial Statements


September 30, 2016



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRIcpa.com



**Jefferson County, Florida
Supervisor of Elections
Table of Contents
September 30, 2016**

REPORT

Independent Auditors' Report	1
------------------------------	---

SPECIAL-PURPOSE FINANCIAL STATEMENTS

Special-Purpose Balance Sheet – Governmental Fund	3
---	---

Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund	4
--	---

Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	5
--	---

Notes to Special-Purpose Financial Statements	6
---	---

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 <i>Government Auditing Standards</i>	13
---	----

Independent Accountants' Report on Compliance with Section 218.415, Florida Statutes, <i>Local Government Investment Policies</i>	16
---	----

Independent Auditors' Management Letter	17
---	----

Management's Response	19
-----------------------	----



REPORT





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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of the Jefferson County, Florida, Supervisor of Elections (the "Supervisor of Elections") as of and for the year ended September 30, 2016, 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, 2016, 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 28, 2017 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.

Cary Riggs & Ingram, L.L.C.

June 28, 2017



**SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

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

September 30, 2016

	General Fund
Assets	
Cash and cash equivalents	\$ 6,078
Total assets	\$ 6,078
Liabilities	
Due to Board of County Commissioners	\$ 4,207
Deferred revenue	1,871
Total liabilities	6,078
Fund balance	-
Total liabilities and fund balance	\$ 6,078

The accompanying notes are an integral part of these 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, 2016

	General Fund
<hr/>	
Expenditures	
General government	
Personal services	\$ 167,201
Operating expenses	86,892
<hr/>	
Total expenditures	254,093
<hr/>	
Excess (deficiency) of revenues over (under) expenditures	(254,093)
<hr/>	
Other financing sources (uses)	
Transfers in	258,300
Transfers out	(4,207)
<hr/>	
Net other financing sources (uses)	254,093
<hr/>	
Net change in fund balance	-
<hr/>	
Fund balance - beginning	-
<hr/>	
Fund balance - ending	\$ -
<hr/> <hr/>	

The accompanying notes are an integral part of these 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, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Expenditures				
General government				
Personal services	\$ 168,000	\$ 168,000	\$ 167,201	\$ 799
Operating expenses	90,300	90,300	86,892	3,408
Total expenditures	258,300	258,300	254,093	4,207
Excess (deficiency) of revenues over (under) expenditures	(258,300)	(258,300)	(254,093)	4,207
Other financing sources (uses)				
Transfer in	258,300	258,300	258,300	-
Transfer out	-	-	(4,207)	(4,207)
Net other financing sources (uses)	258,300	258,300	254,093	(4,207)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these 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, 2016, the carrying amount of the Supervisor's cash and cash equivalents and restricted cash was \$6,078 and the bank balance was \$28,388. 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, 2016, the Supervisor did not hold any deposits or investments that were considered to have credit risk.

INTEREST RATE RISK

At September 30, 2016, the Supervisor did not hold any investments that were considered to have interest rate risk.

CUSTODIAL CREDIT RISK

At September 30, 2016, the Supervisor did not hold any deposits or investments that were considered to have custodial credit risk.

CONCENTRATION OF CREDIT RISK

At September 30, 2016, the Supervisor did not hold any investments that were considered to have concentration of credit risk.

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

NOTE 3 - EMPLOYEE PENSION PLAN

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

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

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

	10/01/15 Through <u>06/30/16</u>	07/01/16 Through <u>09/30/16</u>
Regular employees	7.26%	7.52%
Elected county officials	42.27%	42.47%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 01, 2015 through September 30, 2016, the total payroll for the Supervisor’s employees covered by the System was \$120,992. The retirement contributions for all employees covered by the FRS for the years ended September 30, 2016, 2015 and 2014 were \$37,158, \$37,427 and \$31,110 respectively, which were the required contributions. For the year ended September 30, 2016 retirement contributions represent 30.71% 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.

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, 2016, 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, 2016, 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 28, 2017.

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 SOE 08-01

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

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

STATUS: This condition continues to exist.

Preparation of GAAP-based Financial Statements SOE 08-02

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

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

STATUS: This condition continues to exist.

Compliance and Other Matters

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

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

Supervisor of Elections' Response to Findings

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

Purpose of this Report

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

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

June 28, 2017

**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, 2016. 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, 2016.

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, 2017

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, 2016, and have issued our report thereon dated June 28, 2017.

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 28, 2017, 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 28, 2017

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, 2016.

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

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

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

Sincerely,

Marty Bishop
Jefferson County Supervisor of Elections

**Jefferson County, Florida
Tax Collector**

Special-Purpose Financial Statements


September 30, 2016



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RIGGS &
INGRAM

CPAs and Advisors

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**Jefferson County, Florida
Tax Collector
Table of Contents
September 30, 2016**

REPORT

Independent Auditors' Report	1
------------------------------	---

SPECIAL-PURPOSE FINANCIAL STATEMENTS

Special-Purpose Balance Sheet – Governmental Fund	3
---	---

Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund	4
---	---

Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	5
--	---

Special-Purpose Statement of Fiduciary Net Position – Agency Funds	6
--	---

Notes to Special-Purpose Financial Statements	7
---	---

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 <i>Governmental Auditing Standards</i>	15
---	----

Independent Accountants' Report on Compliance with Section 218.415 Florida Statutes, <i>Local Government Investment Policies</i>	18
--	----

Independent Auditors' Management Letter	19
---	----



REPORT



INDEPENDENT AUDITORS' REPORT

To the Honorable Lois H. Hunter
Tax Collector 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, Tax Collector (the "Tax Collector") as of and for the year ended September 30, 2016, 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, 2016, 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, 2017 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 28, 2017



**SPECIAL-PURPOSE
FINANCIAL STATEMENTS**

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

September 30, 2016

	General Fund
Assets	
Cash and cash equivalents	\$ 462,078
Due from other funds	46,815
Total assets	\$ 508,893
Liabilities	
Accounts payable	\$ 8,289
Due to Board of County Commissioners	500,604
Total liabilities	508,893
Fund balance	
Total liabilities and fund balance	\$ 508,893

The accompanying notes are an integral part of these 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, 2016

	General Fund
Revenues	
Charges for services	\$ 942,196
Total revenues	942,196
Expenditures	
General government	
Personal services	325,535
Operating expenses	116,057
Total expenditures	441,592
Excess (deficiency) of revenues over (under) expenditures	500,604
Other financing sources (uses)	
Transfers out	(500,604)
Net other financing sources (uses)	(500,604)
Net change in fund balance	-
Fund balance - beginning	-
Fund balance - ending	\$ -

The accompanying notes are an integral part of these 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, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Charges for services	\$ 486,012	\$ 486,012	\$ 942,196	\$ 456,184
Total revenues	486,012	486,012	942,196	456,184
Expenditures				
General government				
Personal services	364,512	364,512	325,535	38,977
Operating expenses	121,500	121,500	116,057	5,443
Total expenditures	486,012	486,012	441,592	44,420
Excess (deficiency) of revenues over (under) expenditures	-	-	500,604	500,604
Other financing sources (uses)				
Transfers out	-	-	(500,604)	(500,604)
Net other financing sources (uses)	-	-	(500,604)	(500,604)
Net change in fund balance	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

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

September 30, 2016

	Agency Funds
Assets	
Cash	\$ 1,578,951
Total assets	\$ 1,578,951
Liabilities	
Due to other funds	\$ 46,815
Due to other governments	1,532,136
Total liabilities	\$ 1,578,951

The accompanying notes are an integral part of these 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.

Jefferson County, Florida
Tax Collector
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.

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

NOTE 2 – DEPOSITS AND INVESTMENTS

At September 30, 2016, the carrying amount of the Tax Collector's cash and cash equivalents was \$2,041,029 and the bank balance was \$1,668,085. 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, 2016, the Tax Collector did not hold any deposits or investments that were considered to have credit risk.

Interest Rate Risk

At September 30, 2016, the Tax Collector did not hold any investments that were considered to have interest rate risk.

Custodial Credit Risk

At September 30, 2016, the Tax Collector did not hold any deposits or investments that were considered to have custodial risk.

Concentration of Credit Risk

At September 30, 2016, 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, 2016, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Compensated absences	\$ 7,369	\$ 11,827	\$ 9,207	\$ 9,989	\$ 2,497
Total	\$ 7,369	\$ 11,827	\$ 9,207	\$ 9,989	\$ 2,497

Accrued compensated absences represent the personal leave balances at September 30, 2016. See Note 1 for a summary of the Tax Collector’s policy regarding compensated absences. Records kept for compensated absences relate only to hours earned, used and available. Accordingly, only the net changes in compensated absences are presented.

NOTE 4 – EMPLOYEE PENSION PLAN

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

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

	10/01/15 Through <u>06/30/16</u>	07/01/16 Through <u>09/30/16</u>
Regular employees	7.26%	7.52%
Elected county officials' class	42.27%	42.47%
DROP participants	12.88%	12.99%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 01, 2015 through September 30, 2016, the total payroll for the Tax Collector's employees covered by the System was \$275,857. The retirement contributions for all employees covered by the FRS for the years ended September 2016, 2015 and 2014 were \$25,552, \$97,340 and \$97,056 which were the required contributions. For the year ended September 30, 2016 retirement contributions represent 9.26% 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.

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 ended September 30, 2016, excess revenues over expenditures of \$500,604 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.



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, 2016, 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 28, 2017.

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 Tax Collector'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.

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 - 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 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 has been resolved.

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

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 has been resolved.

Compliance and Other Matters

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

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

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.

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

June 28, 2017



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**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, 2016. 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, 2016.

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, 2017

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, 2016, and have issued our report thereon dated June 28, 2017.

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 28, 2017, 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.

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 28, 2017