

# **Jackson County, Florida**

## **Financial Statements**

**September 30, 2010**

**Jackson County, Florida  
FINANCIAL STATEMENTS  
September 30, 2010**

**BOARD OF COUNTY COMMISSIONERS**

**Willie Spires - District 1  
Edward Crutchfield - District 2  
Chuck Lockey - District 3  
Jeremy Branch - District 4  
Kenneth Stephens - District 5**

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Dale R. Guthrie**

**SHERIFF  
Louis S. Roberts III**

**TAX COLLECTOR  
Sherry Brown**

**PROPERTY APPRAISER  
Sharon Cox**

**SUPERVISOR OF ELECTIONS  
Sylvia Stephens**

**COUNTY ATTORNEY  
Frank Baker**

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

**Jackson County, Florida**  
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**September 30, 2010**

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**Special-Purpose Financial Statements**

Board of County Commissioners  
Clerk of the Circuit Court  
Property Appraiser  
Sheriff  
Supervisor of Elections  
Tax Collector



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## INDEPENDENT AUDITORS' REPORT

To the Honorable Board of County Commissioners  
and Constitutional Officers of Jackson County, Florida  
Marianna, Florida

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information and fiduciary fund type of Jackson County, Florida as of and for the year ended September 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Jackson County, Florida. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and fiduciary fund type of Jackson County, Florida as of September 30, 2010, and the respective changes in financial position, and, where applicable, and cash flow, thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 27, 2011 on our consideration of the Jackson County, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

To the Honorable Board of County Commissioners  
and Constitutional Officers of Jackson County, Florida  
Marianna, Florida

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3.1 to 3.8 and budgetary comparison information on pages 10 to 14 be presented to supplement the basic statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing and comparing and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Jackson County, Florida's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Award Programs and State Financial Assistance Projects is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the Rules of the Auditor General State of Florida and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditure of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied to the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects to the basic financial statements as a whole.

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

September 27, 2011

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The management of Jackson County, Florida has prepared the following discussion and analysis to assist the reader in focusing on significant financial attributes; provide an overview and analysis of the County's financial activities; identify changes in the County's financial position; identify material deviations from the approved budget; and highlight significant attributes in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the County's financial statements and notes to financial statements found on pages 4 through 46.

As of October 1, 2002, the County implemented Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments*. This statement requires governmental entities to report finances in accordance with specific guidelines. Among those guidelines are the components of this section dealing with management's discussion and analysis.

This discussion and analysis reflects the County's financial performance for the year and its financial position at fiscal year-end September 30, 2010. This is the eighth year for reporting in accordance with GASB Statement 34.

One of the key changes in financial presentation is the requirement to capitalize infrastructure assets and record depreciation. Consequently, significant changes have resulted in the reporting of fixed assets, long term liabilities, and fund balances.

### **HIGHLIGHTS OF SIGNIFICANT FINANCIAL ATTRIBUTES**

Key financial highlights for the 2009-2010 fiscal year are as follows:

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$62,826,599.
- The County's total net assets increased by \$3,472,768, which represents a 5.85 percent increase from the 2009-2010 fiscal year.
- As of the close of the current fiscal year, the County's governmental funds reported total fund balance of \$20,386,755, a decrease of \$3,354,433 in comparison with the prior year.
- During the current year, General Fund expenditures and transfers exceeded revenues by \$2,739,262. General Fund revenue increased by \$1,412,519, or 10.01% over the prior fiscal year.

### **OVERVIEW OF FINANCIAL ACTIVITIES AND STATEMENTS**

The basic financial statements consist of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This report also contains other supplementary information in addition to the basic financial statements themselves.

### ***Government-Wide Financial Statements***

The government-wide financial statements provide both short-term and long-term information about the County's overall financial condition in a manner similar to those of a private-sector business. The statements include a Statement of Net Assets that is designed to provide consolidated financial information about the governmental activities of the County presented on the accrual basis of accounting. The Statement of Net Assets provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net assets, is a measure of the financial health of the County. The Statement of Activities presents information about the change in the County's net assets, the results of operations, during the fiscal year. An increase or decrease in net assets may be an indication of whether the County's financial health is improving or deteriorating.

The government activities of the County include general government, public safety, physical environment, transportation, economic environment, health and social services, culture/recreation, and other community services.

The government-wide financial statements can be found on pages 4 and 5 of this report.

### ***Fund Financial Statements***

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed information about the County's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Governmental Funds** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. This financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the County's near-term financing requirements. The short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the County's funds. The County maintains 46 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fine & Forfeiture, Transportation Trust, Local Option Gas Tax and Road Construction, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The County adopts an annual appropriated budget for its governmental funds. A budgetary comparison schedule has been provided for the major funds.

### *Notes to Financial Statements*

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 through 46 of this report.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net assets may serve over time as a useful indicator of a government's financial position. The following is a summary of the County's net assets as of September 30, 2009 and September 30, 2010:

<i>as of September 30,</i>	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Current and other assets	\$ 26,466,020	\$27,281,295	\$ 1,344,871	\$ 1,641,958	\$ 27,810,891	\$ 28,923,253
Non-current assets	36,632,048	32,665,305	12,042,735	11,507,481	48,674,783	44,172,786
<b>Total assets</b>	<b>63,098,068</b>	<b>59,946,600</b>	<b>13,387,606</b>	<b>13,149,439</b>	<b>76,485,674</b>	<b>73,096,039</b>
Current and other liabilities	6,079,265	3,540,107	282,948	544,494	6,362,213	4,084,601
Non-current liabilities	2,534,862	4,849,607	4,762,000	4,808,000	7,296,862	9,657,607
<b>Total liabilities</b>	<b>8,614,127</b>	<b>8,389,714</b>	<b>5,044,948</b>	<b>5,352,494</b>	<b>13,659,075</b>	<b>13,742,208</b>
Invested in capital assets, net of related debt	36,038,697	29,550,875	7,280,735	6,699,481	43,319,432	36,250,356
Restricted	2,102,238	2,093,357	743,106	831,709	2,845,344	2,925,066
Unrestricted	16,343,006	19,912,654	318,817	265,755	16,661,823	20,178,409
<b>Total net assets</b>	<b>\$ 54,483,941</b>	<b>\$51,556,886</b>	<b>\$ 8,342,658</b>	<b>\$ 7,796,945</b>	<b>\$ 62,826,599</b>	<b>\$ 59,353,831</b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Statement of Activities  
for the year ended

<i>as of September 30,</i>	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	\$ 5,331,506	\$ 5,727,268	\$ 1,081,329	\$ 812,836	\$ 6,412,835	\$ 6,540,104
Operating grants and contributions	2,248,445	6,602,038	7,206	17,159	2,255,651	6,619,197
Capital grants and contributions	3,161,060	603,983	614,227	80,571	3,775,287	684,554
<b>Total program revenues</b>	<b>10,741,011</b>	<b>12,933,289</b>	<b>1,702,762</b>	<b>910,566</b>	<b>12,443,773</b>	<b>13,843,855</b>
<b>General Revenues</b>						
Property taxes	10,815,832	10,487,979	-	-	10,815,832	10,487,979
Other taxes, intergovernmental and shared revenue	18,900,289	17,333,482	-	-	18,900,289	17,333,482
Investment earnings	125,886	30,309	15,343	14,991	141,229	45,300
Miscellaneous	534,036	505,514	137,712	-	671,748	505,514
Transfers	(259,759)	(2,401,787)	259,759	2,401,787	-	-
<b>Total general revenues</b>	<b>30,116,284</b>	<b>25,955,497</b>	<b>412,814</b>	<b>2,416,778</b>	<b>30,529,098</b>	<b>28,372,275</b>
<b>Total revenues</b>	<b>40,857,295</b>	<b>38,888,786</b>	<b>2,115,576</b>	<b>3,327,344</b>	<b>42,972,871</b>	<b>42,216,130</b>
<b>Expenses</b>						
<b>Program activities</b>						
<b>Governmental activities:</b>						
General government	8,371,012	8,416,477	-	-	8,371,012	8,416,477
Public safety	13,437,062	12,822,217	-	-	13,437,062	12,822,217
Physical environment	498,587	682,732	-	-	498,587	682,732
Transportation	11,349,872	13,561,154	-	-	11,349,872	13,561,154
Economic environment	737,846	703,819	-	-	737,846	703,819
Human services	946,206	1,247,861	-	-	946,206	1,247,861
Culture and recreation	1,103,116	1,089,917	-	-	1,103,116	1,089,917
Court related	1,393,811	1,313,316	-	-	1,393,811	1,313,316
Interest on long-term debt	92,728	147,024	-	-	92,728	147,024
<b>Business-type activities</b>	<b>-</b>	<b>-</b>	<b>1,569,863</b>	<b>1,295,856</b>	<b>1,569,863</b>	<b>1,295,856</b>
<b>Total expenses</b>	<b>37,930,240</b>	<b>39,984,517</b>	<b>1,569,863</b>	<b>1,295,856</b>	<b>39,500,103</b>	<b>41,280,373</b>
<b>Change in net assets</b>	<b>2,927,055</b>	<b>(1,095,731)</b>	<b>545,713</b>	<b>2,031,488</b>	<b>3,472,768</b>	<b>935,757</b>
<b>Net assets – beginning, as previously stated</b>	<b>51,556,886</b>	<b>52,527,480</b>	<b>7,796,945</b>	<b>5,765,457</b>	<b>59,353,831</b>	<b>58,292,937</b>
<b>Prior period adjustment</b>	<b>-</b>	<b>125,137</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>125,137</b>
<b>Net assets – ending</b>	<b>\$ 54,483,941</b>	<b>\$ 51,556,886</b>	<b>\$ 8,342,658</b>	<b>\$ 7,796,945</b>	<b>\$62,826,599</b>	<b>\$59,353,831</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The largest portion of the County's net assets (68.95%) reflects its investments in capital assets (e.g., land, buildings, and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets (4.53%) represent resources that are dedicated or subject to restrictions on how they may be used. The remaining balance of unrestricted net assets (\$16,661,823 or 26.52%) may be used to meet the government's ongoing obligations to citizens and creditors.

The key elements of the changes in the County's net assets for the fiscal years ended September 30, 2010 is contained on the Statement of Activities on Page 5 of this report.

Governmental activities increased the County's net assets by \$2,927,055.

### FUND BUDGETS: DEVIATIONS AND SIGNIFICANT ATTRIBUTES

#### *Major Governmental Funds*

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the unreserved fund balance was \$6,342,435 while the total fund balance was \$6,807,044. As a measure of the General Fund's liquidity, it may be useful to compare both the unreserved fund balance and total fund balance to total General Fund expenditures. Unreserved fund balance represents 29.73% of total General Fund expenditures, while total fund balance represents 31.90% of that same amount. The unreserved fund balance decreased by \$2,842,078 during the 2009-2010 fiscal year.

The Fine and Forfeiture fund accounts for law enforcement activities of the County. At the end of the current fiscal year, the fund balance was \$689,771, which is unreserved. The fund balance decreased by \$316,444 during the 2009-2010 fiscal year.

The Transportation Trust fund accounts for the operation cost of the Public Works Department. At the end of the current fiscal year, the unreserved fund balance was \$395,438 while the total fund balance was \$613,084. The unreserved fund balance decreased by \$113,108 during the 2009-2010 fiscal year.

The Local Option Gas Tax fund accounts for receipts and disbursements of the County gas tax funds distributed from the State. At the end of the current fiscal year, the fund balance was \$3,516,710, which is unreserved. The fund balance decreased by \$292,506 during the 2009-2010 fiscal year.

The Road Construction fund accounts for revenues that improve roads throughout the County. At the end of the current fiscal year, the fund balance was \$1,550,122, which is unreserved. The fund balance decreased by \$789,079 during the 2009-2010 fiscal year.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Proprietary Funds**

The County's proprietary funds reported net assets of \$8,342,658 which includes \$6,965,216 from the operation of the Water/Sewer System.

Total unreserved fund balances for all governmental funds totaled \$18,284,517 at September 30, 2010, compared to total governmental fund balances of \$20,386,755 at the same date. The difference amounted to \$2,102,238 reserved for Landfill Closure costs, the sick leave buy back program, debt services and deferred grant revenue.

The unreserved Governmental Fund balance of \$18,284,517 is different from the Unrestricted Net Assets amount on the Statement of Net Assets of \$16,343,006 due to reporting requirements regarding primarily capital assets and long-term debt liabilities which are not included on the Governmental Fund balance sheet.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the course of the 2009-2010 fiscal year, the County amended its General Fund budget on November 23, 2010. The County received unanticipated revenues and determined actual cash balance forward dollars in excess of the original budget figures in the amount of \$2,619,302.

### **CAPITAL ASSETS**

The County's investment in capital assets for its governmental and business type activities as of September 30, 2010 amounted to \$48,674,783 (net of accumulated depreciation). This investment in capital assets includes land; buildings and fixed equipment; cost for past road and other infrastructure; fixtures and equipment; and computer software.

### **LONG-TERM DEBT**

At the end of fiscal year ended September 30, 2010, the County had a long-term debt amounting to \$7,296,862. Of this amount, revenue bond outstanding was \$5,265,000, with \$1,215,350 to meet compensated absences obligations, and the remainder for landfill closure and post-closure costs, notes, capitalized leases for equipment and vehicles and other post-employment benefit obligation.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **ECONOMIC FACTORS – JACKSON COUNTY, FLORIDA**

- The unemployment rate for the County was 8.5% percent at September 30, 2010, an increase of 18% from the prior year.
- Population increased to approximately 45,199.
- The taxable value for personal and real property in the County at September 30, 2010 is \$1,432,377,309 a decrease of 1.10 percent from the previous year.
- The general ad valorem tax millage rate was 7.1223 for the year ended September 30, 2010.
- The budget for the next fiscal year ending September 30, 2011 represents a 1.11 percent increase over the 2009-2010 fiscal year total operating expenditures.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Jackson County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed:

Jackson County Board of County Commissioners  
2864 Madison Street  
Marianna, Florida, 32448.

## **Basic Financial Statements**

**Jackson County, Florida**  
**Statement of Net Assets**

*September 30, 2010*

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 19,741,901	\$ 598,853	\$ 20,340,754
Restricted cash and cash equivalents	891,103	765,659	1,656,762
Accounts receivable	380,567	91,574	472,141
Internal balances	289,979	(289,979)	-
Due from other governmental units	5,162,457	178,743	5,341,200
Prepays	13	21	34
Capital assets, net			
Nondepreciable capital assets	4,491,946	2,989,497	7,481,443
Depreciable capital assets, net	32,140,102	9,053,238	41,193,340
<b>Total assets</b>	<b>63,098,068</b>	<b>13,387,606</b>	<b>76,485,674</b>
<b>Liabilities</b>			
Accounts payable and accrued expenses	4,293,452	242,590	4,536,042
Accrued interest payable	-	17,805	17,805
Due to other governmental units	3,843	-	3,843
Deferred revenue	1,781,970	-	1,781,970
Liabilities payable from restricted assets	-	22,553	22,553
Long-term liabilities			
Portion due or payable within one year			
Notes payable	90,351	-	90,351
Bonds payable	503,000	49,000	552,000
Landfill closure liability	83,581	-	83,581
Portion due or payable after one year			
Bonds payable	-	4,713,000	4,713,000
Compensated absences	1,215,350	-	1,215,350
Other post-employment benefit obligation	434,000	-	434,000
Landfill closure liability	208,580	-	208,580
<b>Total liabilities</b>	<b>8,614,127</b>	<b>5,044,948</b>	<b>13,659,075</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	36,038,697	7,280,735	43,319,432
Restricted for			
Landfill closure	94,846	-	94,846
Debt service	100,245	224,491	324,736
Other purposes	1,907,147	518,615	2,425,762
Unrestricted	16,343,006	318,817	16,661,823
<b>Total net assets</b>	<b>\$ 54,483,941</b>	<b>\$ 8,342,658</b>	<b>\$ 62,826,599</b>

See accompanying notes to financial statements.

**Jackson County, Florida**  
**Statement of Activities**

For the year ended September 30, 2010

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	Business-type Activities	Total
<b>Primary government</b>							
<b>Governmental activities</b>							
General government	\$ 8,371,012	\$ 691,876	\$ 115,030	\$ -	\$ (7,564,106)	\$ -	\$ (7,564,106)
Public safety	13,437,062	4,017,885	430,699	120,348	(8,868,130)	-	(8,868,130)
Physical environment	498,587	-	82,159	-	(416,428)	-	(416,428)
Transportation	11,349,872	-	1,288,565	3,040,712	(7,020,595)	-	(7,020,595)
Economic environment	737,846	-	111,294	-	(626,552)	-	(626,552)
Human services	946,206	11,190	26,652	-	(908,364)	-	(908,364)
Culture and recreation	1,103,116	155,177	194,046	-	(753,893)	-	(753,893)
Court related	1,393,811	455,378	-	-	(938,433)	-	(938,433)
Interest on long-term debt	92,728	-	-	-	(92,728)	-	(92,728)
<b>Total governmental activities</b>	<b>37,930,240</b>	<b>5,331,506</b>	<b>2,248,445</b>	<b>3,161,060</b>	<b>(27,189,229)</b>	<b>-</b>	<b>(27,189,229)</b>
<b>Business-type activities</b>							
Water and sewer	730,857	784,618	-	614,227	-	667,988	667,988
Parks and recreation	395,282	164,289	7,206	-	-	(223,787)	(223,787)
Recycling	236,483	132,422	-	-	-	(104,061)	(104,061)
Interest on long-term debt	207,241	-	-	-	-	(207,241)	(207,241)
<b>Total business-type activities</b>	<b>1,569,863</b>	<b>1,081,329</b>	<b>7,206</b>	<b>614,227</b>	<b>-</b>	<b>132,899</b>	<b>132,899</b>
<b>Total primary government</b>	<b>\$ 39,500,103</b>	<b>\$ 6,412,835</b>	<b>\$ 2,255,651</b>	<b>\$ 3,775,287</b>	<b>(27,189,229)</b>	<b>132,899</b>	<b>(27,056,330)</b>
<b>General revenues</b>							
<b>Taxes</b>							
Property taxes					10,815,832	-	10,815,832
Local option taxes					5,996,485	-	5,996,485
Sales tax and other taxes					4,552,980	-	4,552,980
Intergovernmental and shared revenue					8,350,824	-	8,350,824
Investment earnings					125,886	15,343	141,229
Miscellaneous					534,036	137,712	671,748
<b>Transfers</b>					(259,759)	259,759	-
<b>Total general revenues</b>					<b>30,116,284</b>	<b>412,814</b>	<b>30,529,098</b>
<b>Change in net assets</b>					<b>2,927,055</b>	<b>545,713</b>	<b>3,472,768</b>
<b>Net assets, beginning</b>					<b>51,556,886</b>	<b>7,796,945</b>	<b>59,353,831</b>
<b>Net assets, ending</b>					<b>\$ 54,483,941</b>	<b>\$ 8,342,658</b>	<b>\$ 62,826,599</b>

See accompanying notes to financial statements.

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

September 30, 2010

	General Fund	Fines and Forfeitures	Transportation Trust	Local Option Gas Tax	Road Construction	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and cash equivalents	\$ 6,466,020	\$ 666,948	\$ 263,696	\$ 4,455,870	\$ 738,097	\$ 7,151,270	\$ 19,741,901
Restricted cash and cash equivalents	464,612	-	217,646	-	-	208,845	891,103
Accounts receivable	222,349	-	-	-	-	158,218	380,567
Due from other funds	690,898	-	1,343,323	-	740,457	194,417	2,969,095
Due from other governmental units	1,000,837	343,678	538,740	440,565	1,781,520	1,057,117	5,162,457
Prepaid expenses	-	-	-	-	-	13	13
<b>Total assets</b>	<b>\$ 8,844,716</b>	<b>\$ 1,010,626</b>	<b>\$ 2,363,405</b>	<b>\$ 4,896,435</b>	<b>\$ 3,260,074</b>	<b>\$ 8,769,880</b>	<b>\$ 29,145,136</b>
<b>Liabilities</b>							
Accounts payable and accrued expenses	\$ 830,901	\$ 320,627	\$ 1,071,378	\$ -	\$ 1,709,952	\$ 360,594	\$ 4,293,452
Due to other funds	59,769	228	678,943	1,379,725	-	560,451	2,679,116
Due to other governmental units	-	-	-	-	-	3,843	3,843
Deferred revenue	1,147,002	-	-	-	-	634,968	1,781,970
<b>Total liabilities</b>	<b>2,037,672</b>	<b>320,855</b>	<b>1,750,321</b>	<b>1,379,725</b>	<b>1,709,952</b>	<b>1,559,856</b>	<b>8,758,381</b>
<b>Fund balances</b>							
Reserved for:							
Landfill closure	94,846	-	-	-	-	-	94,846
Debt service	-	-	-	-	-	100,245	100,245
Other purposes	369,766	-	217,646	-	-	1,319,735	1,907,147
Unreserved, reported in:							
General fund	6,342,432	-	-	-	-	-	6,342,432
Special revenue funds	-	689,771	395,438	3,516,710	1,550,122	5,790,044	11,942,085
<b>Total fund balances</b>	<b>6,807,044</b>	<b>689,771</b>	<b>613,084</b>	<b>3,516,710</b>	<b>1,550,122</b>	<b>7,210,024</b>	<b>20,386,755</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,844,716</b>	<b>\$ 1,010,626</b>	<b>\$ 2,363,405</b>	<b>\$ 4,896,435</b>	<b>\$ 3,260,074</b>	<b>\$ 8,769,880</b>	<b>\$ 29,145,136</b>

See accompanying notes to financial statements.

**Jackson County, Florida**  
**Reconciliation of the Balance Sheet of Governmental**  
**Funds to the Statement of Net Assets**

*September 30, 2010*

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

Total fund balances – governmental funds	\$ 20,386,755
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the governmental funds.	36,632,048
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the governmental funds.	(2,534,862)
<hr/>	
<u>Net assets of governmental activities</u>	<u>\$ 54,483,941</u>

See accompanying notes to financial statements.

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

*For the year ended September 30, 2010*

	General Fund	Fines and Forfeitures	Transportation Trust	Local Option Gas Tax	Road Construction	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Taxes	\$ 5,328,822	\$ 6,092,148	\$ 2,934,625	\$ 2,261,857	\$ 546,931	\$ 4,200,914	\$ 21,365,297
Licenses and permits	355,721	-	-	-	-	-	355,721
Intergovernmental	5,919,561	317,577	21,333	-	2,068,877	23,476	8,350,824
Charges for services	3,296,188	390,316	-	-	-	978,636	4,665,140
Fines and forfeitures	23,625	49,657	-	-	-	237,363	310,645
Grants	403,955	-	60,126	-	3,756,523	1,188,901	5,409,505
Investment earnings	56,863	12,743	2,924	25,752	723	26,881	125,886
Other fees and miscellaneous revenues	129,672	208,713	12,124	-	-	183,527	534,036
<b>Total revenues</b>	<b>15,514,407</b>	<b>7,071,154</b>	<b>3,031,132</b>	<b>2,287,609</b>	<b>6,373,054</b>	<b>6,839,698</b>	<b>41,117,054</b>
<b>Expenditures</b>							
Current:							
General government	7,808,789	-	-	-	-	244,826	8,053,615
Public health and safety	8,733,252	3,122,902	-	-	-	884,778	12,740,932
Physical environment	416,428	-	-	-	-	82,159	498,587
Transportation	172,751	-	4,690,735	69,725	3,932,916	746,132	9,612,259
Economic environment	420,514	-	-	-	-	299,346	719,860
Human services	881,690	-	-	-	-	26,675	908,365
Culture/recreation	374,079	-	-	-	-	590,006	964,085
Court related	1,171,501	-	-	-	-	189,525	1,361,026
Capital outlay	744,712	12,500	999,060	181,154	4,743,437	58,442	6,739,305
Debt service							
Principal	596,966	-	-	-	-	2,427,000	3,023,966
Interest and other charges	15,275	-	-	-	-	77,453	92,728
<b>Total expenditures</b>	<b>21,335,957</b>	<b>3,135,402</b>	<b>5,689,795</b>	<b>250,879</b>	<b>8,676,353</b>	<b>5,626,342</b>	<b>44,714,728</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(5,821,550)</b>	<b>3,935,752</b>	<b>(2,658,663)</b>	<b>2,036,730</b>	<b>(2,303,299)</b>	<b>1,213,356</b>	<b>(3,597,674)</b>
<b>Other financing sources (uses)</b>							
Transfers in	4,956,457	213,648	3,001,313	672,077	1,514,220	2,722,639	13,080,354
Transfers out	(1,874,169)	(4,465,844)	(453,530)	(3,001,313)	-	(3,545,257)	(13,340,113)
Loan proceeds	-	-	-	-	-	503,000	503,000
<b>Net other financing sources (uses)</b>	<b>3,082,288</b>	<b>(4,252,196)</b>	<b>2,547,783</b>	<b>(2,329,236)</b>	<b>1,514,220</b>	<b>(319,618)</b>	<b>243,241</b>
<b>Net changes in fund balances</b>	<b>(2,739,262)</b>	<b>(316,444)</b>	<b>(110,880)</b>	<b>(292,506)</b>	<b>(789,079)</b>	<b>893,738</b>	<b>(3,354,433)</b>
<b>Fund balances - beginning</b>	<b>9,546,306</b>	<b>1,006,215</b>	<b>723,964</b>	<b>3,809,216</b>	<b>2,339,201</b>	<b>6,316,286</b>	<b>23,741,188</b>
<b>Fund balances - ending</b>	<b>\$ 6,807,044</b>	<b>\$ 689,771</b>	<b>\$ 613,084</b>	<b>\$ 3,516,710</b>	<b>\$ 1,550,122</b>	<b>\$ 7,210,024</b>	<b>\$ 20,386,755</b>

See accompanying notes to financial statements.

**Jackson 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, 2010*

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

Net change in fund balances - total governmental funds	\$ (3,354,433)
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of activities.	6,739,305
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.	(2,772,562)
The net effect of transactions involving capital assets (i.e. sales, transfers and donations) included in the governmental activities in the statement of activities.	113
Repayment of long-term debt is reported as an expenditure in governmental funds but as a reduction of long-term liabilities in the statement of net assets.	3,023,966
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.	(503,000)
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.	(201,000)
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	
Compensated absences	(5,334)
<b>Change in net assets of governmental activities</b>	<b>\$ 2,927,055</b>

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See accompanying notes to financial statements.

**Jackson County, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**General Fund**  
**Budget and Actual**

*For the year ended September 30, 2010*

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 5,201,353	\$ 5,318,147	\$ 5,328,822	\$ 10,675
Licenses and permits	324,415	370,415	355,721	(14,694)
Intergovernmental	4,994,947	6,029,199	5,919,561	(109,638)
Charges for services	3,059,267	3,273,345	3,287,057	13,712
Fines and forfeitures	23,615	23,615	23,625	10
Grants	320,696	413,752	403,955	(9,797)
Investment earnings	39,412	9,412	56,863	47,451
Other fees and miscellaneous revenues	67,921	131,971	129,672	(2,299)
<b>Total revenues</b>	<b>14,031,626</b>	<b>15,569,856</b>	<b>15,505,276</b>	<b>(64,580)</b>
<b>Expenditures</b>				
Current:				
General government	8,213,878	8,519,342	7,799,658	719,684
Public health and safety	8,765,810	9,292,597	8,733,252	559,345
Physical environment	540,520	543,220	416,428	126,792
Transportation	190,184	190,184	172,751	17,433
Economic environment	425,858	425,858	420,514	5,344
Human services	1,218,592	1,247,592	881,690	365,902
Culture and recreation	429,504	440,904	374,079	66,825
Court related	1,158,334	1,206,834	1,171,501	35,333
Capital outlay	1,052,108	1,177,770	744,712	433,058
Debt service	38,358	528,358	612,241	(83,883)
Reserve for contingencies	242,692	959,043	-	959,043
<b>Total expenditures</b>	<b>22,275,838</b>	<b>24,531,702</b>	<b>21,326,826</b>	<b>3,204,876</b>
Excess (deficiency) of revenues over (under) expenditures	(8,244,212)	(8,961,846)	(5,821,550)	3,140,296
<b>Other financing sources (uses)</b>				
Transfers in	6,814,765	6,729,165	4,956,457	(1,772,708)
Transfers out	(1,320,553)	(2,017,319)	(1,874,169)	143,150
Net other financing sources (uses)	5,494,212	4,711,846	3,082,288	(1,629,558)
<b>Net change in fund balance</b>	<b>(2,750,000)</b>	<b>(4,250,000)</b>	<b>(2,739,262)</b>	<b>1,510,738</b>
<b>Fund balance - beginning</b>	<b>9,546,306</b>	<b>9,546,306</b>	<b>9,546,306</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 6,796,306</b>	<b>\$ 5,296,306</b>	<b>\$ 6,807,044</b>	<b>\$ 1,510,738</b>

See accompanying notes to financial statements.

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

*For the year ended September 30, 2010*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 5,917,855	\$ 6,057,355	\$ 6,092,148	\$ 34,793
Intergovernmental	361,418	401,418	317,577	(83,841)
Charges for services	321,670	376,670	390,316	13,646
Fines and forfeitures	55,100	55,100	49,657	(5,443)
Grants	-	241,000	-	(241,000)
Investment earnings	2,850	2,850	12,743	9,893
Other fees and miscellaneous revenues	199,831	199,831	208,713	8,882
<b>Total revenues</b>	<b>6,858,724</b>	<b>7,334,224</b>	<b>7,071,154</b>	<b>(263,070)</b>
<b>Expenditures</b>				
Current:				
Public health and safety	3,100,266	3,518,763	3,122,902	395,861
Capital outlay	78,000	78,000	12,500	65,500
Reserve for contingencies	150,000	235,900	-	235,900
<b>Total expenditures</b>	<b>3,328,266</b>	<b>3,832,663</b>	<b>3,135,402</b>	<b>697,261</b>
Excess (deficiency) of revenues over (under) expenditures	3,530,458	3,501,561	3,935,752	434,191
<b>Other financing sources (uses)</b>				
Transfers in	180,283	230,283	213,648	(16,635)
Transfers out	(4,360,741)	(4,381,844)	(4,465,844)	(84,000)
Net other financing sources (uses)	(4,180,458)	(4,151,561)	(4,252,196)	(100,635)
<b>Net change in fund balance</b>	<b>(650,000)</b>	<b>(650,000)</b>	<b>(316,444)</b>	<b>333,556</b>
<b>Fund balance - beginning</b>	<b>1,006,215</b>	<b>1,006,215</b>	<b>1,006,215</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 356,215</b>	<b>\$ 356,215</b>	<b>\$ 689,771</b>	<b>\$ 333,556</b>

See accompanying notes to financial statements.

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

*For the year ended September 30, 2010*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 2,661,628	\$ 2,861,628	\$ 2,934,625	\$ 72,997
Intergovernmental	20,589	20,589	21,333	744
Fines and forfeitures	-	-	-	-
Grants	-	68,000	60,126	(7,874)
Investment earnings	7,200	7,200	2,924	(4,276)
Other fees and miscellaneous revenues	16,314	16,314	12,124	(4,190)
<b>Total revenues</b>	<b>2,705,731</b>	<b>2,973,731</b>	<b>3,031,132</b>	<b>57,401</b>
<b>Expenditures</b>				
Current:				
Transportation	5,396,106	5,299,319	4,690,735	608,584
Capital outlay	122,500	1,122,500	999,060	123,440
<b>Total expenditures</b>	<b>5,518,606</b>	<b>6,421,819</b>	<b>5,689,795</b>	<b>732,024</b>
Excess (deficiency) of revenues over (under) expenditures	(2,812,875)	(3,448,088)	(2,658,663)	789,425
<b>Other financing sources (uses)</b>				
Transfers in	3,196,385	3,496,385	3,001,313	(495,072)
Transfers out	(383,510)	(553,510)	(453,530)	99,980
Net other financing sources (uses)	2,812,875	2,942,875	2,547,783	(395,092)
<b>Net change in fund balance</b>	<b>-</b>	<b>(505,213)</b>	<b>(110,880)</b>	<b>394,333</b>
<b>Fund balance - beginning</b>	<b>723,964</b>	<b>723,964</b>	<b>723,964</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 723,964</b>	<b>\$ 218,751</b>	<b>\$ 613,084</b>	<b>\$ 394,333</b>

See accompanying notes to financial statements.

**Jackson County, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Local Option Gas Tax**  
**Budget and Actual**

*For the year ended September 30, 2010*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 2,091,739	\$ 2,241,739	\$ 2,261,857	\$ 20,118
Investment earnings	28,500	28,500	25,752	(2,748)
<b>Total revenues</b>	<b>2,120,239</b>	<b>2,270,239</b>	<b>2,287,609</b>	<b>17,370</b>
<b>Expenditures</b>				
Current:				
Transportation	285	285	69,725	(69,440)
Capital outlay	-	1,567,218	181,154	1,386,064
Reserve for contingencies	-	1,687,644	-	1,687,644
<b>Total expenditures</b>	<b>285</b>	<b>3,255,147</b>	<b>250,879</b>	<b>3,004,268</b>
Excess (deficiency) of revenues over (under) expenditures	2,119,954	(984,908)	2,036,730	3,021,638
<b>Other financing sources (uses)</b>				
Transfers in	-	672,077	672,077	-
Transfers out	(3,196,385)	(3,496,385)	(3,001,313)	495,072
Net other financing sources (uses)	(3,196,385)	(2,824,308)	(2,329,236)	495,072
<b>Net change in fund balance</b>	<b>(1,076,431)</b>	<b>(3,809,216)</b>	<b>(292,506)</b>	<b>3,516,710</b>
<b>Fund balance - beginning</b>	<b>3,809,216</b>	<b>3,809,216</b>	<b>3,809,216</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 2,732,785</b>	<b>\$ -</b>	<b>\$ 3,516,710</b>	<b>\$ 3,516,710</b>

See accompanying notes to financial statements.

**Jackson County, Florida**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Road Construction**  
**Budget and Actual**

*For the year ended September 30, 2010*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 496,215	\$ 496,215	\$ 546,931	\$ 50,716
Intergovernmental	1,910,367	1,910,367	2,068,877	158,510
Grants	-	4,050,983	3,756,523	(294,460)
Investment earnings	3,801	3,801	723	(3,078)
<b>Total revenues</b>	<b>2,410,383</b>	<b>6,461,366</b>	<b>6,373,054</b>	<b>(88,312)</b>
<b>Expenditures</b>				
Current:				
Transportation	281,362	4,257,857	3,932,916	324,941
Capital outlay	-	5,207,000	4,743,437	463,563
<b>Total expenditures</b>	<b>281,362</b>	<b>9,464,857</b>	<b>8,676,353</b>	<b>788,504</b>
Excess (deficiency) of revenues over (under) expenditures	2,129,021	(3,003,491)	(2,303,299)	700,192
<b>Other financing sources (uses)</b>				
Transfers in	1,484,264	1,654,264	1,514,220	(140,044)
Net other financing sources (uses)	1,484,264	1,654,264	1,514,220	(140,044)
<b>Net change in fund balance</b>	<b>3,613,285</b>	<b>(1,349,227)</b>	<b>(789,079)</b>	<b>560,148</b>
<b>Fund balance - beginning</b>	<b>2,339,201</b>	<b>2,339,201</b>	<b>2,339,201</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 5,952,486</b>	<b>\$ 989,974</b>	<b>\$ 1,550,122</b>	<b>\$ 560,148</b>

See accompanying notes to financial statements.

**Jackson County, Florida**  
**Statement of Net Assets**  
**Proprietary Funds**

September 30, 2010

	<b>BUSINESS-TYPE ACTIVITIES/ENTERPRISE FUNDS</b>			
	<b>NON-MAJOR FUNDS</b>			<b>Total</b>
	<b>Jackson Water/Sewer</b>	<b>Parks and Recreation</b>	<b>Jackson Recycling</b>	
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 131,819	\$ 121,702	\$ 345,332	\$ 598,853
Accounts receivable, net	75,113	8,899	7,562	91,574
Prepays	-	21	-	21
Due from other funds	-	298	7,129	7,427
Due from other governments	178,743	-	-	178,743
<b>Total current assets</b>	<b>385,675</b>	<b>130,920</b>	<b>360,023</b>	<b>876,618</b>
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	765,659	-	-	765,659
Capital assets				
Nondepreciable	2,973,352	-	16,145	2,989,497
Depreciable, net	8,088,964	794,276	169,998	9,053,238
<b>Total noncurrent assets</b>	<b>11,827,975</b>	<b>794,276</b>	<b>186,143</b>	<b>12,808,394</b>
<b>Total assets</b>	<b>12,213,650</b>	<b>925,196</b>	<b>546,166</b>	<b>13,685,012</b>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	218,930	14,949	8,711	242,590
Accrued interest payable	17,805	-	-	17,805
Due to other funds	227,146	70,260	-	297,406
Liabilities payable from restricted assets	22,553	-	-	22,553
Bonds payable - current	49,000	-	-	49,000
<b>Total current liabilities</b>	<b>535,434</b>	<b>85,209</b>	<b>8,711</b>	<b>629,354</b>
Noncurrent liabilities				
Revenue bonds payable	4,713,000	-	-	4,713,000
<b>Total noncurrent liabilities</b>	<b>4,713,000</b>	<b>-</b>	<b>-</b>	<b>4,713,000</b>
<b>Total liabilities</b>	<b>5,248,434</b>	<b>85,209</b>	<b>8,711</b>	<b>5,342,354</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	6,300,316	794,276	186,143	7,280,735
Restricted for				
Debt service	224,491	-	-	224,491
Other purposes	518,615	-	-	518,615
Unrestricted (deficit)	(78,206)	45,711	351,312	318,817
<b>Total net assets</b>	<b>\$ 6,965,216</b>	<b>\$ 839,987</b>	<b>\$ 537,455</b>	<b>\$ 8,342,658</b>

See accompanying notes to financial statements.

**Jackson County, Florida**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Proprietary Funds**

*For the year ended September 30, 2010*

	BUSINESS -TYPE ACTIVITIES/ENTERPRISE FUNDS			Total
	Jackson Water/Sewer	NON-MAJOR FUNDS		
		Parks and Recreation	Jackson Recycling	
<b>Operating revenues</b>				
Charges for services	\$ 784,618	\$ 164,289	\$ 132,422	\$ 1,081,329
<b>Total operating revenues</b>	784,618	164,289	132,422	1,081,329
<b>Operating expenses</b>				
Personal services	173,668	246,709	193,056	613,433
Utilities	103,066	25,000	-	128,066
Services and supplies	220,319	49,716	11,528	281,563
Repairs and maintenance	34,342	12,910	-	47,252
Other operating expenses	-	3,199	-	3,199
Depreciation	199,462	57,748	31,899	289,109
<b>Total operating expenses</b>	730,857	395,282	236,483	1,362,622
<b>Net operating income (loss)</b>	53,761	(230,993)	(104,061)	(281,293)
<b>Nonoperating revenues (expenses)</b>				
Interest income	13,604	133	1,606	15,343
Interest expense	(207,241)	-	-	(207,241)
Miscellaneous Revenue	-	137,710	2	137,712
<b>Total nonoperating revenues (expenses)</b>	(193,637)	137,843	1,608	(54,186)
<b>Income (loss) before contributions and transfers</b>	(139,876)	(93,150)	(102,453)	(335,479)
Capital contributions	614,227	7,206	-	621,433
Transfers, net	100,015	159,744	-	259,759
<b>Change in net assets</b>	574,366	73,800	(102,453)	545,713
<b>Total net assets - beginning</b>	6,390,850	766,187	639,908	7,796,945
<b>Total net assets - ending</b>	\$ 6,965,216	\$ 839,987	\$ 537,455	\$ 8,342,658

See accompanying notes to financial statements.

**Jackson County, Florida**  
**Statement of Cash Flows**  
**Proprietary Funds**

*For the year ended September 30, 2010*

	<b>BUSINESS-TYPE ACTIVITIES/ENTERPRISE FUNDS</b>			
	<b>NON-MAJOR FUNDS</b>			<b>Total</b>
	<b>Jackson Water/Sewer</b>	<b>Parks and Recreation</b>	<b>Jackson Recycling</b>	
<b>Operating activities</b>				
Receipts from customers and users	\$ 979,638	\$ 157,062	\$ 135,367	\$ 1,272,067
Payments to suppliers	(638,952)	(88,051)	(4,134)	(731,137)
Payments to employees	(173,668)	(246,709)	(193,056)	(613,433)
Net cash provided (used) by operating activities	167,018	(177,698)	(61,823)	(72,503)
<b>Noncapital financing activities</b>				
Transfers to/from other funds	100,015	159,744	-	259,759
Advance from/to other funds	172,000	(26,022)	(9,499)	136,479
Net cash provided (used) by noncapital financing activities	272,015	133,722	(9,499)	396,238
<b>Capital and related financing activities</b>				
Proceeds from capital debt	2,014,000	-	-	2,014,000
Capital contributions	614,227	7,206	-	621,433
Purchase of capital assets	(824,362)	-	-	(824,362)
Principal payments on capital debt	(2,060,000)	-	-	(2,060,000)
Interest payments on capital debt	(200,075)	-	-	(200,075)
Other receipts	-	137,305	-	137,305
Net cash (used) provided by capital and related financing activities	(456,210)	144,511	-	(311,699)
<b>Investing activities</b>				
Interest and dividends	13,604	133	1,608	15,345
Net cash provided by investing activities	13,604	133	1,608	15,345
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(3,573)</b>	<b>100,668</b>	<b>(69,714)</b>	<b>27,381</b>
<b>Cash - beginning of the year</b>	<b>901,051</b>	<b>21,034</b>	<b>415,046</b>	<b>1,337,131</b>
<b>Cash - ending of the year</b>	<b>\$ 897,478</b>	<b>\$ 121,702</b>	<b>\$ 345,332</b>	<b>\$ 1,364,512</b>
<b>Reconciliation of net operating income to net cash (used) provided by operating activities</b>				
Net operating income (loss)	\$ 53,761	\$ (230,993)	\$ (104,061)	\$ (281,293)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	199,462	57,748	31,899	289,109
(Increase) decrease in accounts receivable	(18,694)	(7,227)	2,945	(22,976)
(Increase) decrease in due from other governments	210,986	-	-	210,986
(Increase) decrease in prepaid expenses	-	(21)	-	(21)
(Increase) decrease in deposits	2,728	-	-	2,728
Increase (decrease) in accounts payable	(281,225)	2,795	7,394	(271,036)
Net cash provided (used) by operating activities	\$ 167,018	\$ (177,698)	\$ (61,823)	\$ (72,503)

See accompanying notes to financial statements.

**Jackson County, Florida**  
**Statement of Fiduciary Net Assets**  
**Agency Funds**

*September 30, 2010*

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	<b>Agency Funds</b>
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 1,012,269
Due from other governmental units	173
<hr/>	
Total assets	\$ 1,012,442
<hr/> <hr/>	
<b>Liabilities</b>	
Due to others	\$ 373,256
Due to other governments	639,186
<hr/>	
Total liabilities	\$ 1,012,442
<hr/> <hr/>	

See accompanying notes to financial statements.

## **Jackson County, Florida** **Notes to Financial Statements**

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

The financial statements of Jackson County, Florida (the County) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units in accordance with the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the County's Basic Financial Statements.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the notes are organized to provide explanations, including required disclosures, of the County's financial activities for the fiscal year ended September 30, 2010.

#### **Reporting Entity**

Jackson County, Florida, located in Northwest Florida, is a political subdivision of the State of Florida and provides services to approximately 50,000 residents in many areas including general government, public safety, physical environment, transportation, economic environment, human services, and culture and recreation. The County was established August 12, 1822, by the First Session of the Territorial Legislative Council. It is governed by a five-member elected Board of County Commissioners (the "Board"), which derives its authority by Florida Statutes and regulations. In addition to the members of the Board, there are five elected constitutional officers: Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections.

The elected offices of the Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser, and Supervisor of Elections are operated as separate County agencies in accordance with applicable provisions of Florida Statutes. These constitutional officers operate on a budget system whereby County-appropriated funds are received from the Board with unexpended funds returned to the Board. The Tax Collector and Clerk of the Circuit Court also operate as a fee officer by retaining various fees collected by these offices. The Clerk of the Circuit Court also receives appropriated funds from the State of Florida to fund court-related activities. Separate accounting records and budgets are maintained by each individual office.

Blended component unit - The Jackson County Agriculture Center (Ag Center), a separate independent district from the County, is governed by a five member Board appointed by the Board of County Commissioners. The Ag Center was originally formed January 24, 1957 by the Governor of the State of Florida. For financial reporting purposes, the Ag Center is blended in the financial statements of the County as part of the special revenue funds.

## Jackson County, Florida Notes to Financial Statements

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

The Compass Lake Municipal Service Taxing Unit (MSTU), was created by the Board pursuant to Section 125.01 (1)(g) of the Florida Statutes. The municipal service taxing unit was created for the unincorporated area known as Compass Lake in the Hills. An assessment against each lot was made for providing various services to the landowners of this area. Assessments are collected by the Tax Collector as part of the regular ad valorem tax collection schedule. The funds are remitted to the Compass Lake in the Hills Property Owners' Association, Inc. (a Florida not for profit corporation) which in turn is responsible for the administration of the funds. For financial reporting purposes, the MSTU is blended in the financial statements of the Board as a part of the special revenue funds.

#### **Government-wide and Fund Financial Statements**

The basic financial statements consist of the government-wide financial statements and fund financial statements. The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the County, as a whole, excluding fiduciary activities. For the most part, the effect of inter-fund activity has been removed from these statements. Individual funds are not displayed but the statement distinguishes 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 function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are classified into three categories: charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to direct recovery from customers for services rendered. Grants and contributions refer to revenues restricted for specific programs whose use may be restricted further to operational or capital items. The general revenues section displays revenue collected that helps support all functions of government and contributes to the change in the net assets for the fiscal year.

The fund financial statements follow and report additional and detailed information about operations for major funds individually and nonmajor funds in the aggregate for governmental funds. Reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentations.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

## Jackson County, Florida Notes to Financial Statements

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, considered to be sixty days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Major revenue sources susceptible to accrual include: sales and use taxes, various motor fuel taxes, property taxes, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

The County's enterprise funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting and the economic resources measurement focus. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Proprietary Funds are charges to customers for sales and services. Operating expenses for the Proprietary Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

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.

The County reports the following major governmental funds:

**General Fund** - The general fund is the Board's primary operating fund. It accounts for all resources traditionally associated with governments except those required to be accounted for in another fund.

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

**Transportation Trust** - This fund accounts for the County's county gas tax revenue, motor fuel taxes and other shared revenue earmarked for general and administrative operations costs of the Public Works Department.

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

**Local Option Gas Tax** - This fund accounts for the Board's local option gas tax funds distributed from the State. The funds are used for road maintenance and improvements.

**Road Construction** - This fund accounts for the various revenues provided for the resurfacing and improving roads throughout the County.

The County reports the following major proprietary fund:

**Water/Sewer System** - This fund accounts for the revenues and expenses capital assets and debt for the utility department of the County.

The County also reports the following fund type:

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

**Budgets and Budgetary Accounting**

General governmental revenue and expenditures accounted for in budgetary funds are controlled by a budgetary accounting system in accordance with various legal requirements which govern the County's operations. Budgets are monitored at varying levels of classification detail; however, expenditures cannot legally exceed total appropriations at the individual fund level. All budget changes that affect the total of a fund's budget must be approved by the Board.

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.

Sheriff and Property Appraiser - 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 Sheriff and 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:

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

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

<b>Property Appraiser</b>	<b>Total Expenditures</b>	<b>Total Revenue</b>
GAAP basis	\$ 879,229	\$ 879,229
Non-budgeted revenues and expenditures:		
Revenues other than appropriations from the Board of County Commissioners and related expenditures	(9,131)	(9,131)
Budgetary basis	\$ 870,098	\$ 870,098

**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.

**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.

**Receivables**

Receivables are shown at their net realizable value. See Note 5 for allowance for doubtful accounts.

**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."

**Inventories**

Inventory items of materials and supplies, which are not significant in amount, are considered expenditures when purchased in the governmental funds. No physical inventory was taken at year end; therefore, no inventory has been recorded on the combined balance sheet. The amount is estimated to be immaterial.

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

**Prepaid Expenses**

General fund expenditures for insurance and similar services extending over more than one accounting period are accounted for as expenditures in the period of acquisition.

**Capital Assets**

The County's capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, right of ways, stormwater system, sidewalks, and similar items), are reported in the capital asset accounts of the County. Property and equipment with initial, individual costs that exceed \$5,000 and an estimated useful life in excess of one year are recorded as capital assets. Buildings, roads, bridges, and sidewalks are capitalized when their initial costs exceed \$5,000 and possess estimated useful lives of more than one year. 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 maintains its own property records.

The County's infrastructure was updated for infrastructure acquired prior to 2002. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	5-50
Improvements, other than buildings	2-50
Machinery and equipment	3-30

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.

**Deferred Revenues**

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

**Accumulated Compensated Absences**

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

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

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

**Long-Term Debt**

In the government-wide financial statements, outstanding debts are reported as liabilities.

The governmental fund financial statements recognize the proceeds of debt as other financial sources of the current period. Issuance costs are reported as expenditures.

**Reserves and Designations of Fund Equity**

Reserves indicate that portion of fund balance or net assets that are not available for appropriation or which are legally segregated for a specific future use. The description of each reserve indicates the purpose for which each was intended. Designated portions of fund equity represent management's tentative future spending plans. Such designations should be clearly distinguished from reserves, since managerial plans are subject to change and may never be legally authorized or result in actual expenditures.

**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 Board 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 Auditors' Report.

**NOTE 2 - PROPERTY TAXES**

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Property Appraiser and Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. Florida Statutes permit counties to levy property taxes at a rate of up to 10 mills for general operations. The 2010 millage rate assessed by the County was 7.1223 mills.

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

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.

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

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**NOTE 2 - PROPERTY TAXES (CONTINUED)**

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.

On or prior to June 1, following the tax year, tax 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.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

At year end, the carrying amount of the County's deposits was \$23,009,785 and the bank balance was \$24,165,900. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Florida Statutes authorize the County to invest in certificates of deposit, repurchase agreements and the State Treasurer's Investment Pool. In addition, the statutes allow the County to invest in bonds, notes or other obligations of the United States Government, certain bonds of any state or local government unit, and bonds issued by certain government agencies.

The County invested funds in the Florida State Board of Administration Local Governments Surplus Funds Investment Pool. At September 30, 2010, the market value and the carrying value of these funds was \$6,826,086. The funds are carried as a cash equivalent on the balance sheet at September 30, 2010 (See Note 1 for definition of cash equivalents) and are included in carrying value and bank balance in the first paragraph of this note.

The County's investments in the Local Government Surplus Funds Trust Fund (Florida PRIME), which the State Board of Administration indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of September 30, 2010, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which is amortized cost.

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

The State Board of Administration's interpretation in regards to the County's investments in Fund B is that it does not meet the requirement of a SEC 2a-7-like fund; therefore, the State Board of Administration is providing a Fair Value factor (i.e. total net asset value of Fund B divided by total participant balances of Fund B) for September 30, 2010. The Fair Value factor for Fund B for September 30, 2010, is .707058094.

As of September 30, 2010, the County had \$6,646,486 and \$179,600 invested in Florida PRIME and Fund B, respectively. Additional information and investment policies regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration at [www.sbafla.com/prime](http://www.sbafla.com/prime).

**Credit Risk**

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

As of September 30, 2010, the County's investment in the Florida PRIME is rated by Standard and Poors and the current rating is AAAM. The Fund B Surplus Funds Trust Fund is not rated by any nationally recognized statistical rating agency.

**Interest Rate Risk**

The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2010, is 52 days. Next interest rate reset for floating rate securities are used in the calculation of the WAM. The weighted average life (based on expected future cash flows) of Fund B at September 30, 2010, is estimated at 7.49 years. However, because Fund B consists of restructured or defaulted securities, there is considerable uncertainty regarding the weighted average life.

**Custodial Credit Risk**

At September 30, 2010, 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, 2010, the County did not hold any investments that were considered to have a concentration of credit risk.

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

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**NOTE 4 - RESTRICTED ASSETS**

The General Fund's cash is restricted as follows:

	<b>Amount</b>
Landfill closure escrow account	\$ 94,846
Technology Escrow	100,047
Sick leave buy back program	269,719
<b>Total</b>	<b>\$ 464,612</b>

The Transportation Trust Fund's cash is restricted for the sick leave buy back program in the amount of \$217,646.

The Nonmajor Governmental funds' cash is restricted for the debt service in the amount of \$208,845.

Certain Enterprise Fund assets are restricted for debt service and future extension and improvements. Impact fees are recorded as contributed capital and may only be used for extensions to the Water System. The Jackson County Water/Sewer Fund's cash is restricted as follows:

	<b>Amount</b>
Debt service	\$ 269,906
Investment extension and improvements	495,753
<b>Total</b>	<b>\$ 765,659</b>

**NOTE 5 - ACCOUNTS RECEIVABLE**

Accounts receivable of the Fire/Rescue Department is accounted for in the County's General Fund. Accounts receivable in the Fire/Rescue Department totaled \$977,485 and are shown net of the allowance for doubtful accounts of \$765,386. This allowance represents an uncollected billing ratio based on past history of collections and aged accounts receivable listings.

Accounts receivables for the Enterprise Fund are from various utility customers. No allowance for uncollectible accounts is deemed to be necessary.

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

**NOTE 6 - INTERFUND BALANCES**

Balances due to/from other funds at September 30, 2010 are as follows:

**Due to/from Other Funds:**

<b>Receivable Fund</b>	<b>Payable Fund</b>	
General fund	Fines and Forfeiture	\$ 228
	Nonmajor governmental funds:	
	E911	33,966
	CDBG - OONR	146,153
	Other special revenue funds	213,145
	Proprietary funds:	
	Jackson Water/Sewer	227,146
	Parks and Recreation	70,260
Transportation Trust	Local Option Gas Tax	1,343,323
Road Construction	Transportation	678,943
	Local Option Gas Tax	36,402
	General Fund	25,112
Nonmajor governmental funds	General Fund	34,694
	EOC Debt Service	58,865
	Other Debt Service Funds	100,858
<hr/>		
Subtotal		2,969,095
<hr/>		
Proprietary Funds	Other special revenue funds	7,427
<hr/>		
Total		\$ 2,976,522

The General Fund and Fine and Forfeitures have 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.

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

**NOTE 6 - INTERFUND BALANCES (CONTINUED)**

Interfund transfers for the year ended September 30, 2010, consisted of the following:

<b>Transfers to General Fund from:</b>		
Fines and Forfeiture	\$ 4,465,844	
Nonmajor Governmental fund	490,613	
Total		\$ 4,956,457
<b>Transfers to Fines and Forfeiture</b>		
Nonmajor Governmental fund		213,648
<b>Transfers to Transportation Trust</b>		
Local Option Gas Tax		3,001,313
<b>Transfers to Local Option Gas Tax</b>		
General fund		672,077
<b>Transfers to Road Construction</b>		
Transportation Trust	453,530	
Nonmajor Governmental funds	435,579	
General fund	625,111	
Total		1,514,220
<b>Transfers to Nonmajor Governmental Funds from:</b>		
General fund	317,222	
Nonmajor Governmental funds	2,405,417	
Total		2,722,639
<b>Subtotal</b>		<b>13,080,354</b>
<b>Transfers to Proprietary funds from:</b>		
General fund		259,759
<b>Total interfund transfers</b>		<b>\$ 13,340,113</b>

Transfers are used to (1) use fines and forfeiture revenues to finance sheriff's department expenses and use utility fees to finance general operating activities that are accounted for in general fund, (2) use revenue from inmate welfare fund to cover cost relating to inmate welfare expenses in other fund and use grant revenue to cover personal expense of the Drug Task force, (3) use local option gas tax to cover road and bridge operating expenses, (4) transfer fiscally constrained revenue to fund road raving expenditures in local option gas tax fund, (5) use local option gas tax to cover road construction projects, (6) use unrestricted general fund revenues and nonmajor governmental revenues to finance debt service and operating expenses that are accounted for in other funds, (7) use unrestricted general fund revenues and nonmajor governmental revenues to finance debt service and operating expenses that are accounted for in the proprietary funds.

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

**NOTE 7 - DUE FROM OTHER GOVERNMENTS**

Due from other governments consists of funds earned as of September 30, 2010, but not yet received by the County. The majority of these amounts were received in October and November 2010.

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2010, was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land and improvements	\$ 2,072,421	\$ -	\$ -	\$ 2,072,421
Construction in progress	795,628	2,185,044	561,147	2,419,525
<b>Total capital assets, not being depreciated</b>	<b>2,868,049</b>	<b>2,185,044</b>	<b>561,147</b>	<b>4,491,946</b>
Capital assets, being depreciated:				
Buildings and improvements	16,867,903	283,844	-	17,151,747
Equipment	16,175,282	1,530,870	187,052	17,519,100
Roads	25,199,245	3,300,694	-	28,499,939
Infrastructure - Sidewalks	272,305	-	-	272,305
<b>Total capital assets, being depreciated</b>	<b>58,514,735</b>	<b>5,115,408</b>	<b>187,052</b>	<b>63,443,091</b>
Less: Total accumulated depreciation	28,717,479	2,772,562	187,052	31,302,989
<b>Total capital assets, being depreciated, net</b>	<b>29,797,256</b>	<b>2,342,846</b>	<b>-</b>	<b>32,140,102</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 32,665,305</b>	<b>\$ 4,527,890</b>	<b>\$ 561,147</b>	<b>\$ 36,632,048</b>

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

**NOTE 8 - CAPITAL ASSETS (CONTINUED)**

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 21,145	\$ -	\$ -	\$ 21,145
Construction in progress	2,143,990	824,362	-	2,968,352
Total capital assets, not being depreciated	2,165,135	824,362	-	2,989,497
Capital assets, being depreciated:				
Equipment	11,648,410	-	-	11,648,410
Total capital assets, being depreciated	11,648,410	-	-	11,648,410
Less: Total accumulated depreciation	2,306,063	289,109	-	2,595,172
Total capital assets, being depreciated, net	9,342,347	(289,109)	-	9,053,238
Business-type activities capital assets, net	\$ 11,507,482	\$ 535,253	\$ -	\$ 12,042,735

Depreciation expense was charged to functions as follows:

<b>Governmental activities</b>		
General government		\$ 173,863
Public safety		633,443
Transportation		1,737,613
Economic environment		17,986
Culture and recreation		139,031
Human services		37,841
Court related		32,785
Total depreciation expense-governmental activities		\$ 2,772,562

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

**NOTE 8 - CAPITAL ASSETS (CONTINUED)**

<b>Business-type activities</b>	
Water and sewer	\$ 199,462
Recycling	31,899
Parks and recreation	57,748
<hr/>	
Total depreciation expense-business-type activities	\$ 289,109

**NOTE 9 - SHORT-TERM LIABILITIES**

\$2,014,000 – Water and Sewer System Revenue Bond Anticipation Note Series 2009, payable in one payment of \$2,014,000, interest at 2.25% due November 2009. Secured by a lien upon and pledge of proceeds of the Bond and pledged revenue generated from non ad valorem revenue. \$ -

Total \$ -

Short-term debt activity for the year ended September 30, 2010, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE
<hr/>				
<b>Business-type activities:</b>				
Notes payable	\$ 2,014,000	\$ -	\$ 2,014,000	\$ -
<hr/>				
Total	\$ 2,014,000	\$ -	\$ 2,014,000	\$ -

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

**NOTE 10 - LONG-TERM LIABILITIES**

Long-term debt activity for the year ended September 30, 2010, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
<b>Governmental activities:</b>					
Revenue bonds	\$ 2,010,113	\$ 503,000	\$ 2,010,113	\$ 503,000	\$ 503,000
Notes payable	1,104,317	-	1,013,966	90,351	90,351
Compensated absences	1,210,016	63,683	58,349	1,215,350	-
Landfill closure and post-closure costs	292,161	-	-	292,161	83,581
Total governmental activities:	4,616,607	566,683	3,082,428	2,100,862	676,932
<b>Business-type activities:</b>					
Revenue bonds	2,794,000	2,014,000	46,000	4,762,000	49,000
<b>Total</b>	<b>\$ 7,410,607</b>	<b>\$ 2,580,683</b>	<b>\$ 3,128,428</b>	<b>\$ 6,862,862</b>	<b>\$ 725,932</b>

Payments on the notes, leases payable, and sales tax revenue bonds 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, 2010 are as follows:

FISCAL YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES			
	REVENUE BONDS		NOTES PAYABLE	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2011	\$ 503,000	\$ 9,054	\$ 90,351	\$ 4,608
Total	\$ 503,000	\$ 9,054	\$ 90,351	\$ 4,608

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

**NOTE 10 - LONG-TERM LIABILITIES (CONTINUED)**

FISCAL YEAR ENDING SEPTEMBER 30,	BUSINESS-TYPE ACTIVITIES	
	REVENUE BONDS	
	PRINCIPAL	INTEREST
2011	\$ 49,000	\$ 213,663
2012	73,000	211,425
2013	77,000	208,130
2014	80,000	204,656
2015	84,000	201,048
2016-2020	475,000	945,216
2021-2025	593,000	827,891
2026-2030	739,000	681,395
2031-2035	922,000	498,634
2036-2040	875,000	275,346
2041-2045	409,000	139,650
2046-2050	386,000	42,438
Total	\$ 4,762,000	\$ 4,449,492

**Governmental activities**

**Notes payable**

\$271,275, Ford Motor Credit Company, payable in annual installments of \$94,958 including interest at 5.10% commencing on April 15, 2009 through April 15, 2011. Secured by ten 2009 Ford Crown Victoria automobiles. \$ 90,351

Total notes payable	\$ 90,351
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**Revenue Bonds**

\$10,080,000, Gas Tax Revenue Bonds, Series 2010, payable in semi-annual installments of \$426,350 to \$587,796 through 2020, interest at 3.6%. Secured by pledged revenue generated from certain gas tax revenues. \$ 503,000

Total revenue bonds	\$ 503,000
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**NOTE 10 - LONG-TERM LIABILITIES (CONTINUED)**

**Business-type activities**

**Revenue Bonds**

\$1,500,000, Water and Sewer Revenue Bonds, Series 1999B, payable in annual installments of \$65,625 to \$82,188 through 2039, interest at 4.375%. Secured by pledged revenue derived from the operation of the system.	\$ 1,328,000
\$2,014,000, Water and Sewer Revenue Bonds, Series 2009, payable in annual installments of \$22,000 to \$101,000 through 2049, interest at 4.375%. Collateralized by pledged revenue derived from the operation of the system.	2,014,000
\$1,618,000, Water and Sewer Revenue Bonds, Series 1999A, payable in annual installments of \$76,855 to \$90,085 through 2038, interest at 4.750%. Secured by pledged revenue derived from the operation of the system.	1,420,000
Total revenue bonds	\$ 4,762,000

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

**Long-term landfill closure and post-closure liability** – this obligation relates to long-term landfill post-closure costs. See also Note 17.

**NOTE 11 - RISK MANAGEMENT**

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

- Workers' compensation and employer's liability
- General and automobile liability
- Real and personal property damage
- Public officials' liability
- Accidental death and dismemberment

**NOTE 11 - RISK MANAGEMENT - Continued**

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. A separate insurance policy is carried for the aircraft.

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.

**NOTE 12 - EMPLOYEE BENEFITS**

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

The System 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. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Retirement coverage is employee noncontributory. The employer pays all contributions.

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

**NOTE 12 - EMPLOYEE BENEFITS - Continued**

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

	<b>10/01/09 Through 6/30/10</b>	<b>7/01/10 Through 9/30/10</b>
Regular employees	9.85%	10.77%
Senior management	13.12%	14.57%
Elected county officials' class	16.53%	18.64%
Special risk employees	20.92%	23.25%
DROP plan participants	10.91%	12.25%

	<b>Payroll Expense</b>	<b>Retirement Contributions</b>
Board of County Commissioners	\$ 8,021,360	\$ 1,080,012
Clerk of the Circuit Court	1,258,351	125,325
Sheriff	2,837,118	501,902
Property Appraiser	576,291	76,511
Tax Collector	631,320	71,245
Supervisor of Elections	212,427	28,908
<b>Total</b>	<b>\$ 13,536,867</b>	<b>\$ 1,883,903</b>

For the period October 01, 2009 through September 30, 2010, the total payroll for all employees and the retirement contributions for all employees covered by FRS were as follows:

The County's contributions to the Plan for the years ended September 30, 2010, 2009 and 2008 were \$1,883,903, \$1,850,217 and \$1,829,561 respectively, which equal the required contributions. For the year ended September 30, 2010 retirement contributions represent 13.92% of County's total covered payroll.

Effective July 1, 1998, the Legislature established a Deferred Retirement Option Program (DROP). This program allows eligible employees to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed sixty months after electing to participate. Deferred monthly benefits are held in the Florida Retirement System Trust Fund and accrue interest.

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

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**NOTE 13 - 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, 2010, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the County's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined, although the County expects such amounts, if any, to be immaterial.

**NOTE 14 - FUND EQUITY**

Reservations of equity indicate the portion of the fund balance that are not available for appropriation or which are legally restricted for specific future uses. The purpose for each is indicated as follows:

<b>Governmental Activities</b>	<b>Purpose</b>	
General fund	Funding for:	
	Landfill closure	\$ 94,846
	Sick leave buyback program	269,719
	Technology escrow	100,047
Special revenue funds		
	Debt service	100,245
	Sick leave buyback program	217,646
	Other purposes	1,319,735
Total		\$ 2,102,238
<hr/>		
<b>Business-Type Activities</b>	<b>Purpose</b>	
Jackson Water/Sewer System	Funding for:	
	Debt service	\$ 224,491
	Other purposes	518,615
Total		\$ 743,106

**NOTE 15 - LITIGATION AND CONTINGENT LIABILITIES**

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

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

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**NOTE 16 - RECLASSIFICATION**

Certain 2009 amounts have been reclassified to conform with 2010 classifications. Such reclassification had no effect on reported net income.

**NOTE 17 - LANDFILL CLOSURE/LONG-TERM CARE ESCROW**

The County maintains a landfill management escrow account, as required by law, to ensure the availability of financial resources for closing the landfill. The County records the landfill closure/long-term care escrow as a reserved portion of the general fund's fund balance. The escrow balance at September 30, 2010, was \$94,846.

The County has adopted GASB Statement No. 18, which requires recognition of landfill post-closure care costs in the Board's long-term debt. State and federal laws and regulations require the County to perform certain maintenance and monitoring functions after closure. At September 30, 2010, the amount of \$292,161 in long-term debt recognizes the remaining two years of long-term care period. The above estimate is based on current prices, actual costs may be higher due to inflation, changes in technology, or changes in regulations. See Note 19 for additional disclosures about the potential additional liability due to contamination at the East Landfill.

**NOTE 18 - COMMITMENTS AND CONTINGENCIES**

**Contractual Commitments**

At September 30, 2010, the County had contractual commitments for construction projects, equipment purchases and leases in excess of amounts recognized in the financial statements.

Balances remaining on uncompleted construction contracts at September 30, 2010:

Hill Farm Road	\$ 44,479
College Drive	\$ 315,897
Sylvania Plantation	\$ 1,801,830
Project Springs Utilities	\$ 22,000
Paving 08-09 – Jones Construction	\$ 99,559
Fillmore Road	\$ 301,164
Water/Wastewater Improvements	\$ 60,375
Old Spanish Trail Sidewalk	\$ 128,985

**Workers Compensation Cases**

There are two workers compensation cases outstanding at year end that are associated with the Governmental Risk Insurance Trust (GRIT). The future medical costs of these claims are estimated to be \$204,125 and \$93,350 over ten years.

**NOTE 18 - COMMITMENTS AND CONTINGENCIES - Continued**

**Emergency Management Center**

There is a potential impairment in the value of the Emergency Management Center Building due to construction or design defects therein related to the accumulation of moisture and mold. There are issues related to the correction of defects in the construction, and responsibilities for those costs have not yet been allocated between the design professional and the general contractor. Mediation is scheduled for the resolution of the latter issue. At this time, there appears to be no indication that the Board will have any cost in the remediation or correction of the construction or design defects.

**NOTE 19 - SUBSEQUENT EVENTS**

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

**Jackson County East Landfill—Remedial Action Plan**

Jones Edmunds & Associates have been working with the County and the Florida Department of Environmental Protection (FDEP) to remediate contamination detected in the groundwater at the Jackson County East Landfill. The contamination is most likely caused by migrating landfill gas in contact with the groundwater. The County, FDEP, and Jones Edmunds had a meeting on May 4, 2011 to discuss the status of the site, the groundwater remediation, and renewing the long-term care permit for the landfill. At the meeting, FDEP agreed that landfill gas migration at the landfill is a problem and that the landfill gas extraction system proposed by Jones Edmunds and approved by the County should be installed. The proposed landfill gas extraction system will be authorized for installation by FDEP in the forthcoming long-term care permit renewal. At the meeting FDEP requested the following:

- Prepare an updated site survey that includes topographic contours across the site, the location of all monitoring devices, the elevation of all groundwater monitoring wells, and the estimated extent of buried waste to be included in the permit renewal.
  - The estimated cost for the site survey is \$10,500.
- Due to discrepancies in measured and reported groundwater monitoring well depths it appears that some site wells are damaged. The FDEP is requiring the replacement of the 6 site detection monitoring wells at a schedule of 2 wells per year for the next 3 years.
  - The estimated cost to replace the wells is \$20,000 per year.
- Installation of the landfill gas extraction based groundwater remediation system after issuance of the new permit.
  - The estimated cost is to install the remediation system is \$130,000.

Subsequent to year end, the County has entered into contracts for various construction projects totaling in excess of \$8.6 million.

**NOTE 19 - SUBSEQUENT EVENTS - Continued**

**Jackson County Gas Tax Revenue Bonds – Series 2010**

Subsequent to year end, the Board received the final draw on the \$10,080,000 for roadway improvements. On December 15, 2010, \$9,557,000 was remitted to Jackson County. Several construction contracts that utilize these funds are underway.

**Jackson County Lewis Building Purchase**

On October 6, 2010, the Board purchased the “Lewis Building”. This building is adjacent to the Jackson County Board of County Commissioners Administration Building. The building was purchased for \$203,400.

**Jackson County Dirt Pit**

On December 23, 2010, the Board purchased 137.715 acres for use as a dirt pit for the Road and Bridge Department. The land was purchased for \$251,251.

**Florida Retirement Plan**

Subsequent to year end, the Florida Legislature passed Senate Bill 2100 which made substantive changes to the Florida Retirement System. The Bill was signed into law on July 1, 2011. The Bill requires all FRS Investment Plan and Pension Plan members (except those in DROP) to make 3% employee contributions on a pretax bases. Normal retirement dates and the Pension Plan’s Average Final Compensation calculation for plan members enrolling to the FRS for the first time after July, 2011 will change.

**NOTE 20 - BUDGET**

Budgets were not prepared for the Sheriff’s special revenue funds.

**NOTE 21 - 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 \$88,807.

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

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**NOTE 22 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION**

**Plan Description** – The Jackson County Board of County Commissioners (the “Board”) administers a single-employer defined benefit healthcare plan (the “Plan”). In accordance with Section 112.0801 of the Florida Statutes, because Jackson County provides a medical plan to active employees of the County and their eligible dependents, the Board is also required to provide retirees with the opportunity to participate in this Plan. The Plan provides healthcare benefits including medical coverage and life insurance coverage to both active and eligible retired 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 Board and the Constitutional officers. For regular, senior management service and elected officials, participants are eligible for normal retirement upon attaining the earlier of 1) six years of service and age 62 or 2) 30 years of service regardless of age. For Special Risk, participants are eligible for normal retirement upon attaining the earlier of 1) six years of special risk service and age 55 or 2) 25 total years of service consisting both of special risk service up to four years of military service and age 52 or 3) 25 total years of special risk service, regardless of age or 4) 30 years of any credible service, regardless of age.

**Benefits Provided** – The Board provides post-employment healthcare and life insurance to its retirees. Health benefits are provided through the Board’s healthcare provided, Blue Cross Blue Shield of Florida (BCBSFL). The benefit levels are the same as those afforded to active employees. Health benefits include inpatient and outpatient medical services and prescriptions. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the County’s plan becomes secondary.

**Membership** – At September 30, 2010, there were no terminated employees entitled to benefits but not yet receiving them. The membership of the Plan consisted of:

Active employees	327
Retirees and beneficiaries currently receiving benefits	33
Total membership	360
Participating employers	1

**Funding Policy** – A qualifying trust or agency fund has not been authorized by the Board. The Board negotiates the premium rates with BCBSFL. 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 2010 was \$112,507. The Board contributes the remainder to cover the costs of providing the benefits to the retirees.

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

**NOTE 22 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)**

**Annual OPEB and Net OPEB Obligation** – The Board’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 closed period not to exceed 15 years. The following shows the components of the Board’s net OPEB obligation:

September 30,	<b>2009</b>
Annual required contribution	\$ 321,000
Interest on prior year net OPEB obligation	9,000
Adjustments to annual required contribution	(17,000)
Annual OPEB costs	313,000
Estimated employer contribution made	(112,000)
Increase (decrease) in net OPEB obligation	201,000
Net OPEB obligation, beginning of year	233,000
Estimated net OPEB obligation, end of year	\$ 434,000

The County’s annual OPEB cost (expense) of \$321,000 was equal to the ARC for the fiscal year, as the transition liability was set at zero as of October 1, 2008. The County has chosen to apply GASB No. 45 requirements prospectively in this transition year. The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2010 and the prior two (2) years were as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Costs</b>	<b>Percentage of OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
9/30/08	N/A	N/A	N/A
9/30/09	\$289,000	19.4%	\$56,000
9/30/10	\$321,000	34.9%	\$112,000

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

**NOTE 22 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)**

**Funded Status and Funding Progress** – As of September 30, 2010, the actuarial accrued liability of \$2,317,000 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, presented as required supplementary information following the notes to the financial statements in the government-wide financial statements of Jackson County, Florida, 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.

**Actuarial Method and Assumptions** – The valuation dated October 1, 2008, for the fiscal date of October 1, 2009 to September 30, 2010, was prepared using generally accepted accrual principles and practices, and relied on unaudited census data and medical claims data reported by the Board. 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.

In the September 30, 2010 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumption included a 4.0% investment rate of return. The Unfunded Actuarial Accrued Liability (UAAL) is being amortized over 15 years assuming 5 annual level payments. The remaining amortization period is at September 30, 2010 was 13 years.

**Post Employment Benefits Plan Schedule of Funding Progress –**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Liabilities (AAL)</b>	<b>Unfunded Actuarial Liabilities (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage Of Covered Payroll</b>	
10/01/2008	\$ -	\$2,106,000	\$ 2,106,000	0.00%	N/A	N/A	(1)

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

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

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**NOTE 23 - OPERATING LEASES**

The Tax Collector leases various buildings under operating leases with yearly lease terms. Rental expense under operating leases for the year ended September 30, 2010 was \$20,040.

Minimum future lease payments under operating leases as of September 30, 2010 and for each year until expiration are:

2011	\$	20,040
2012		1,875
<u>Total minimum future lease payments</u>		<u>\$ 21,915</u>

## **Supplementary Information**

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

September 30, 2010

	Special Revenue Funds						
	Utility Fee Fund	E911	Local Housing Assistance Trust (SHIP)	Courthouse Facility Fund	Jackson County Tourist Development Tax	CDBG OONR	Emergency Operations Center
<b>Assets</b>							
Cash and cash equivalents	\$ 1,295,479	\$ 128,759	\$ 472,271	\$ 997,106	\$ 1,125,887	\$ 286	\$ 28,841
Restricted cash and cash equivalents	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Due from other funds	159,723	-	-	-	-	-	-
Due from other governmental units	556,962	33,412	-	24,772	47,587	306,604	-
Prepaid expenses	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2,012,164</b>	<b>\$ 162,171</b>	<b>\$ 472,271</b>	<b>\$ 1,021,878</b>	<b>\$ 1,173,474</b>	<b>\$ 306,890</b>	<b>\$ 28,841</b>
<b>Liabilities</b>							
Vouchers payable	\$ -	\$ 17,662	\$ 618	\$ -	\$ 1,359	\$ 160,737	\$ 2,329
Due to other funds	-	33,966	20	-	-	146,153	26,512
Due to other governmental units	-	-	-	-	-	-	-
Deferred revenue	-	13,898	471,633	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>65,526</b>	<b>472,271</b>	<b>-</b>	<b>1,359</b>	<b>306,890</b>	<b>28,841</b>
<b>Fund balances</b>							
Reserved for							
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-
Unreserved, reported in:							
Special revenue funds	2,012,164	96,645	-	1,021,878	1,172,115	-	-
<b>Total fund balances</b>	<b>2,012,164</b>	<b>96,645</b>	<b>-</b>	<b>1,021,878</b>	<b>1,172,115</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,012,164</b>	<b>\$ 162,171</b>	<b>\$ 472,271</b>	<b>\$ 1,021,878</b>	<b>\$ 1,173,474</b>	<b>\$ 306,890</b>	<b>\$ 28,841</b>

See Independent Auditors' Report

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

September 30, 2010

	Special Revenue Funds				Capital Project Fund	Debt Service Fund		Total Non-Major Governmental Funds
	MSTU	Inmate Welfare Fund	Sheriff Contraband Fund	Other Special Revenue Funds	Gas Tax Bond Series 2010	EOC Debt Service	Other Debt Service Funds	
<b>Assets</b>								
Cash and cash equivalents	\$ 150,394	\$ 271,749	\$ 461,296	\$ 1,724,526	\$ 443,553	\$ 51,099	\$ 24	\$ 7,151,270
Restricted cash and cash equivalents	-	-	-	-	-	7,766	201,079	208,845
Accounts receivable	121,233	9,202	-	27,783	-	-	-	158,218
Due from other funds	-	-	-	34,694	-	-	-	194,417
Due from other governmental units	-	-	-	87,780	-	-	-	1,057,117
Prepaid expenses	-	-	-	13	-	-	-	13
<b>Total assets</b>	<b>\$ 271,627</b>	<b>\$ 280,951</b>	<b>\$ 461,296</b>	<b>\$ 1,874,796</b>	<b>\$ 443,553</b>	<b>\$ 58,865</b>	<b>\$ 201,103</b>	<b>\$ 8,769,880</b>
<b>Liabilities</b>								
Vouchers payable	\$ -	\$ -	\$ -	\$ 177,562	\$ 327	\$ -	\$ -	\$ 360,594
Due to other funds	-	-	-	194,077	-	58,865	100,858	560,451
Due to other governmental units	-	3,790	-	53	-	-	-	3,843
Deferred revenue	-	-	-	149,437	-	-	-	634,968
<b>Total liabilities</b>	<b>-</b>	<b>3,790</b>	<b>-</b>	<b>521,129</b>	<b>327</b>	<b>58,865</b>	<b>100,858</b>	<b>1,559,856</b>
<b>Fund balances</b>								
Reserved for								
Debt service	-	-	-	-	-	-	100,245	100,245
Other purposes	-	277,161	-	1,042,574	-	-	-	1,319,735
Unreserved, reported in:								
Special revenue funds	271,627	-	461,296	311,093	443,226	-	-	5,790,044
<b>Total fund balances</b>	<b>271,627</b>	<b>277,161</b>	<b>461,296</b>	<b>1,353,667</b>	<b>443,226</b>	<b>-</b>	<b>100,245</b>	<b>7,210,024</b>
<b>Total liabilities and fund balances</b>	<b>\$ 271,627</b>	<b>\$ 280,951</b>	<b>\$ 461,296</b>	<b>\$ 1,874,796</b>	<b>\$ 443,553</b>	<b>\$ 58,865</b>	<b>\$ 201,103</b>	<b>\$ 8,769,880</b>

See Independent Auditors' Report

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

For the year ended September 30, 2010

	Special Revenue Funds						
	Utility Fee	E911	Local Housing Assistance Trust (SHIP)	Courthouse Facility Fund	Jackson County Tourist Development Tax	CDBG OONR	Emergency Operations Center
<b>Revenues</b>							
Taxes	\$ 3,158,920	\$ -	\$ -	\$ -	\$ 253,072	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	215,156	-	294,861	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Grants	-	24,790	27,433	-	-	512,628	-
Investment earnings	3,762	2,090	968	424	7,811	-	-
Other fees and miscellaneous revenues	-	-	7,788	-	-	-	-
<b>Total revenues</b>	<b>3,162,682</b>	<b>242,036</b>	<b>36,189</b>	<b>295,285</b>	<b>260,883</b>	<b>512,628</b>	<b>-</b>
<b>Expenditures</b>							
Current:							
General government	-	-	-	-	-	-	-
Public health and safety	-	259,377	-	-	-	-	23,406
Physical environment	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	512,628	-
Economic environment	-	-	36,787	-	179,235	-	-
Human services	-	-	-	-	-	-	-
Culture/recreation	-	-	-	-	-	-	-
Court related	-	-	-	3,150	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>259,377</b>	<b>36,787</b>	<b>3,150</b>	<b>179,235</b>	<b>512,628</b>	<b>23,406</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>3,162,682</b>	<b>(17,341)</b>	<b>(598)</b>	<b>292,135</b>	<b>81,648</b>	<b>-</b>	<b>(23,406)</b>
<b>Other financing sources (uses)</b>							
Transfers in	-	18,034	598	-	-	-	8,899
Transfers out	(3,192,835)	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-	-
<b>Net other financing sources (uses)</b>	<b>(3,192,835)</b>	<b>18,034</b>	<b>598</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,899</b>
<b>Net change in fund balances</b>	<b>(30,153)</b>	<b>693</b>	<b>-</b>	<b>292,135</b>	<b>81,648</b>	<b>-</b>	<b>(14,507)</b>
<b>Fund balances - beginning</b>	<b>2,042,317</b>	<b>95,952</b>	<b>-</b>	<b>729,743</b>	<b>1,090,467</b>	<b>-</b>	<b>14,507</b>
<b>Fund balances - ending</b>	<b>\$ 2,012,164</b>	<b>\$ 96,645</b>	<b>\$ -</b>	<b>\$ 1,021,878</b>	<b>\$ 1,172,115</b>	<b>\$ -</b>	<b>\$ -</b>

See Independent Auditors' Report

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

For the year ended September 30, 2010

	Special Revenue Funds				Capital	Debt Service Funds		Total Non-Major Governmental Funds
	MSTU	Inmate Welfare Fund	Sheriff Contraband Fund	Other Special Revenue Funds	Project Fund Gas Tax Bond Series 2010	EOC Debt Service	Other Debt Service Funds	
<b>Revenues</b>								
Taxes	\$ 788,922	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ 4,200,914
Intergovernmental	12,500	-	-	10,976	-	-	-	23,476
Charges for services	-	111,519	-	357,100	-	-	-	978,636
Fines and forfeitures	-	-	144,244	93,119	-	-	-	237,363
Grants	-	-	-	624,050	-	-	-	1,188,901
Investment earnings	1,132	312	3,736	5,619	53	14	960	26,881
Other fees and miscellaneous revenues	-	7,406	-	168,333	-	-	-	183,527
<b>Total revenues</b>	<b>802,554</b>	<b>119,237</b>	<b>147,980</b>	<b>1,259,197</b>	<b>53</b>	<b>14</b>	<b>960</b>	<b>6,839,698</b>
<b>Expenditures</b>								
Current:								
General government	142,169	-	-	102,654	-	-	3	244,826
Public health and safety	92,831	153,248	6,443	349,473	-	-	-	884,778
Physical environment	-	-	-	82,159	-	-	-	82,159
Transportation	173,677	-	-	-	59,827	-	-	746,132
Economic environment	-	-	-	83,324	-	-	-	299,346
Human service	-	-	-	26,675	-	-	-	26,675
Culture/recreation	238,353	-	-	351,653	-	-	-	590,006
Court related	-	-	-	186,375	-	-	-	189,525
Capital outlay	-	-	-	58,442	-	-	-	58,442
Debt service								
Principal	-	-	-	-	-	615,000	1,812,000	2,427,000
Interest and other charges	-	-	-	-	-	22,639	54,814	77,453
<b>Total expenditures</b>	<b>647,030</b>	<b>153,248</b>	<b>6,443</b>	<b>1,240,755</b>	<b>59,827</b>	<b>637,639</b>	<b>1,866,817</b>	<b>5,626,342</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>155,524</b>	<b>(34,011)</b>	<b>141,537</b>	<b>18,442</b>	<b>(59,774)</b>	<b>(637,625)</b>	<b>(1,865,857)</b>	<b>1,213,356</b>
<b>Other financing sources (uses)</b>								
Transfers in	-	-	-	213,782	-	623,587	1,857,739	2,722,639
Transfers out	-	(46,867)	(166,781)	(138,774)	-	-	-	(3,545,257)
Loan proceeds	-	-	-	-	503,000	-	-	503,000
<b>Net other financing sources (uses)</b>	<b>-</b>	<b>(46,867)</b>	<b>(166,781)</b>	<b>75,008</b>	<b>503,000</b>	<b>623,587</b>	<b>1,857,739</b>	<b>(319,618)</b>
<b>Net change in fund balances</b>	<b>155,524</b>	<b>(80,878)</b>	<b>(25,244)</b>	<b>93,450</b>	<b>443,226</b>	<b>(14,038)</b>	<b>(8,118)</b>	<b>893,738</b>
<b>Fund balances - beginning</b>	<b>116,103</b>	<b>358,039</b>	<b>486,540</b>	<b>1,260,217</b>	<b>-</b>	<b>14,038</b>	<b>108,363</b>	<b>6,316,286</b>
<b>Fund balances - ending</b>	<b>\$ 271,627</b>	<b>\$ 277,161</b>	<b>\$ 461,296</b>	<b>\$ 1,353,667</b>	<b>\$ 443,226</b>	<b>\$ -</b>	<b>\$ 100,245</b>	<b>\$ 7,210,024</b>

See Independent Auditors' Report

**Jackson County, Florida**  
**Combining Statement of Fiduciary Net Assets**  
**Agency Funds**

*September 30, 2010*

	<i>Clerk of the Circuit Court</i>						
	<b>Fine and Forfeiture</b>	<b>Jury and Witness</b>	<b>Tax Deeds</b>	<b>Cash Bonds</b>	<b>Registry</b>	<b>Documentary Stamp Fund</b>	
<b>Assets</b>							
Cash and cash equivalents	\$ 551	\$ 12,993	\$ 131,191	\$ 49,747	\$ 55,541	\$	-
Due from other governmental units	-	-	173	-	-	-	-
<b>Total assets</b>	<b>\$ 551</b>	<b>\$ 12,993</b>	<b>\$ 131,364</b>	<b>\$ 49,747</b>	<b>\$ 55,541</b>	<b>\$</b>	<b>-</b>
<b>Liabilities</b>							
Due to others	\$ 551	\$ 12,993	\$ 131,364	\$ 49,747	\$ 55,541	\$	-
Due to other governments	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>\$ 551</b>	<b>\$ 12,993</b>	<b>\$ 131,364</b>	<b>\$ 49,747</b>	<b>\$ 55,541</b>	<b>\$</b>	<b>-</b>

See Independent Auditors' Report

**Jackson County, Florida**  
**Combining Statement of Fiduciary Net Assets**  
**Agency Funds**

September 30, 2010

	<i>Board</i>		<i>Tax Collector</i>			<i>Sheriff</i>	<b>Total Agency Funds</b>
	<b>Inmate Welfare</b>	<b>License and Boat</b>	<b>Tag</b>	<b>Tax</b>			
<b>Assets</b>							
Cash and cash equivalents	\$ 72,654	\$ 1,888	\$ 64,065	\$ 573,233	\$ 50,406	\$ 1,012,269	
Due from other governmental units	-	-	-	-	-	173	
<b>Total assets</b>	<b>\$ 72,654</b>	<b>\$ 1,888</b>	<b>\$ 64,065</b>	<b>\$ 573,233</b>	<b>\$ 50,406</b>	<b>\$ 1,012,442</b>	
<b>Liabilities</b>							
Due to others	\$ 72,654	\$ -	\$ -	\$ -	\$ 50,406	\$ 373,256	
Due to other governments	-	1,888	64,065	573,233	-	639,186	
<b>Total liabilities</b>	<b>\$ 72,654</b>	<b>\$ 1,888</b>	<b>\$ 64,065</b>	<b>\$ 573,233</b>	<b>\$ 50,406</b>	<b>\$ 1,012,442</b>	

See Independent Auditors' Report



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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 Jackson County, Florida  
Marianna, Florida

We have audited the financial statements of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of Jackson County, Florida (the "County") as of and for the year ended September 30, 2010, and have issued our report thereon dated September 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is 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 described in the accompanying schedule of findings and questioned costs as items, Sheriff, No. 06-04; and Property Appraiser, No. 05-01 to be material weaknesses.

To the Honorable Board of County Commissioners  
and Constitutional Officers of Jackson County, Florida  
Marianna, 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 considered the deficiencies described in the accompanying schedule of findings and questioned costs as items Board, No. 08-04; and Tax Collector, No. 08-06 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 September 27, 2011.

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

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

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

September 27, 2011



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM AND STATE FINANCIAL  
ASSISTANCE PROJECT AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133 AND CHAPTER 10.550, RULES OF THE  
AUDITOR GENERAL**

To the Honorable Board of County Commissioners  
and Constitutional Officers of Jackson County, Florida  
Marianna, Florida

**Compliance**

We have audited the compliance of Jackson County, Florida, Board of County Commissioners (the County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2010. Jackson County, Florida's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state projects is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, State of Florida Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2010.

To the Honorable Board of County Commissioners  
and Constitutional Officers of Jackson County, Florida  
Marianna, Florida

### **Internal Control Over Compliance**

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

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

September 27, 2011

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

*For the year ended September 30, 2010*

Federal Agency Pass through entity Federal Award Programs	CFDA Number	Contract/Grant Number	Expenditures
<b>United States Department of Homeland Security</b>			
<b>Florida Department of Community Affairs</b>			
NW FL Flooding	97.036	09-SS-E8-02-42-13-519	\$ 46,138
Homeland Security FY 08-09-CERT	97.067	09-CI-49-02-41-01-250	3,994
Homeland Security	97.067	08-DS-60-02-41-01-256	12,228
Homeland Security	97.067	09-DS-51-02-41-01-355	8,000
Homeland Security	97.067	10-DS-39-02-41-01-329	13,000
Emergency Management Performance Grant FY 09-10	97.042	09-BG-20-02-41-01-095	16,978
<b>Total United States Department of Homeland Security</b>			<b>100,338</b>
<b>United States Department of Housing and Urban Development</b>			
<b>Florida Department of Community Affairs</b>			
<b>Community Development Block Grants/State's Program</b>			
Economic Development-Springs	14.228	09-DB-T3-02-41-01-E07	512,628
<b>Total United States Department of Housing and Urban Development</b>			<b>512,628</b>
<b>United States Department of Health and Human Services</b>			
<b>Florida Department of Community Affairs</b>			
Weatherization/ Low-Income Home Energy Assistance	93.568	09LH-7K-02-41-01-012	64,042
<b>Chipola Regional Workforce Development Board, Inc.</b>			
ARRA-Emergency Contingency Fund for Temporary Assistance For Needy Families	93.714	2010.47 - Board 2010.49 - Clerk	18,157 12,775
<b>Florida Department of Revenue</b>			
Child Support Enforcement - Title IVD	93.563	CD-332	88,807
<b>Total United States Department of Health and Human Services</b>			<b>183,781</b>
<b>United States Department of Energy</b>			
<b>Florida Department of Community Affairs</b>			
<b>Weatherization Assistance For Low-Income Persons</b>			
Weatherization Assistance	81.042	09WX-7W-02-41-01-012	19,819
<b>Total United States Department of Energy</b>			<b>19,819</b>
<b>United States Department of Agriculture</b>			
Wastewater Improvements	10.760	n/a	918,659
<b>Florida Department of Agriculture &amp; Consumer</b>			
Natural Resources Conversation Service	10.904	JACMS 09-11	63,525
<b>Total United States Department of Agriculture</b>			<b>982,184</b>
<b>United States Department of Justice</b>			
<b>Florida Department of Law enforcement</b>			
<b>Byrne Formal Grant Program</b>			
American Recovery Act-JAG Countywide	16.803	2010-ARRC-JACK-1-W7-010	240,696
ARRA - Edward Byrne Memorial Justice Assistance	16.738	2009-SB-B9-1196	27,548
Anti-Drug Abuse Act Funds	16.738	2010-JAGC-JACK-1-4X-196	59,989
<b>Total United States Department of Justice</b>			<b>328,233</b>
<b>United States Federal Highway Administration</b>			
<b>Florida Department of Transportation</b>			
<b>Highway Planning and Construction</b>			
ARRA-Old Spanish Trail Sidewalks	20.205	APU19	179,224
ARRA-River Forest Road Sidewalks	20.205	APK93	42,023
ARRA-S.R. 166 (Caverns Road) Sidewalks	20.205	APK96	496,479
ARRA-US 90 Sidewalks	20.205	APK92	213,676
LAP-Blueberry Road	20.205	APV65	199,900
<b>Total United States Federal Highway Administration</b>			<b>1,131,302</b>
<b>United States Federal Elections Administration</b>			
<b>Florida Department of State</b>			
<b>Division of Elections</b>			
Federal Election Activities	90.xxx	n/a	1,589
<b>Total United States Federal Elections Administration</b>			<b>1,589</b>
<b>Total expenditures of Federal Awards Programs</b>			<b>\$ 3,259,874</b>

See Independent Auditors' Report

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

*For the year ended September 30, 2010*

Federal/State Agency Pass-Through Entity State Financial Assistance Projects	CSFA Number	Grant/ Contract Number	Expenditures
<b>Florida Department of Transportation</b>			
<b>Public Transit Service Development Program</b>			
Small County Road Assistance Program (SCRAP)	55.016	APM96	\$ 807,820
Small County Road Assistance Program (SCRAP)	55.016	APM97	963,983
County Incentive Grant Program (CIGP)	55.008	09CIGP	93,738
Small County Outreach Program	55.009	AOZ85	192,601
Small County Outreach Program	55.009	AOZ86	503,554
<b>Total Florida Department of Transportation</b>			<b>2,561,696</b>
<b>Florida Department of Community Affairs</b>			
<b>Emergency Management Programs</b>			
NW FL Flooding	52.xxx	09SS-E8-02-42-13-519	7,690
Emergency Management Assistance	52.008	09-BG-03-02-41-01-145	103,699
Hazardous Materials Grant	52.023	09-CP-04-02-41-01-041	3,372
<b>Total Florida Department of Community Affairs</b>			<b>114,761</b>
<b>Florida Housing Finance Corporation</b>			
<b>State Housing Initiatives Partnership Program (SHIP)</b>			
State Housing Initiatives Partnership Program (SHIP)	52.901	n/a	27,433
<b>Total Florida Housing Finance Corporation</b>			<b>27,433</b>
<b>Florida Department of Environmental Protection</b>			
<b>Small County Grants</b>			
Small County Solid Waste Grant	37.012	SC918	78,787
<b>Total Florida Department of Environmental Protection</b>			<b>78,787</b>
<b>Florida Department of State</b>			
<b>Division of Library and Information Services:</b>			
Library Resources	45.030	08-ST-65	194,046
<b>Total Florida Department of State</b>			<b>194,046</b>
<b>Florida Department of Health</b>			
County Grant Awards	64.005	C8032	22,166
<b>Total Florida Department of Health</b>			<b>22,166</b>
<b>Florida Department of Management Services</b>			
E911 Maintenance Grant	72.001	09-03-6	18,341
E911 New Recording System	72.001	09-03-12	2,939
E911 Training-Conference	72.001	09-13-18	3,510
<b>Total Florida Department of Management Services</b>			<b>24,790</b>
<b>Florida State Court System</b>			
County Article V Trust Fund			
Courthouse Facilities	22.004	n/a	7,207
<b>Total Florida State Court System</b>			<b>7,207</b>
<b>Florida Department of Agriculture &amp; Consumer Services</b>			
Brush Truck - 50/50 Grant		n/a	11,006
Mosquito Control	42.003	014141	26,652
<b>Total Florida Department of Agriculture &amp; Consumer Services</b>			<b>37,658</b>
<b>Florida Department of Law Enforcement</b>			
Drug Control/Money Laundering Investigations	71.005	109701	6,953
<b>Total Florida Department of Law Enforcement</b>			<b>6,953</b>
<b>Total expenditures of State Financial Assistance Projects</b>			<b>\$ 3,075,497</b>

**Jackson County, Florida**  
**Notes to Schedule of Expenditures of Federal Award Programs**  
**and State Financial Assistance Projects**  
**For the year ended September 30, 2010**

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**NOTE 1 - BASIS OF ACCOUNTING**

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

**NOTE 2 - REPORTING ENTITY**

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

**NOTE 3 - PASS-THROUGH AWARDS**

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

**Jackson County, Florida**  
**Schedule of Findings and Questioned Costs**  
**For the year ended September 30, 2010**

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**A. SUMMARY OF AUDIT RESULTS**

1. The Independent Auditors' Report expresses an unqualified opinion on the financial statements of Jackson 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*." We believe the significant deficiencies listed as items Sheriff No. 06-04 and Property Appraiser No. 05-01 to be material weaknesses.
3. We noted instances of noncompliance material to the financial statements of the County which were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award program and state financial assistance projects are reported in the Independent Auditors' Report on Compliance and Internal Control Over Compliance Applicable to Each Major Program.
5. The Independent Auditors' Report on Compliance and Internal Control over Compliance Applicable to each major federal award programs and state financial assistance projects for Jackson County, Florida expresses an unqualified opinion.
6. There are no audit findings relative to the major federal award programs and state financial assistance projects for Jackson County, Florida are reported in this schedule.
7. The programs/projects tested as major programs/projects included the following:

<b>Federal Programs</b>	<b>CFDA No.</b>
U.S. Department of Homeland Security, Federal Emergency Management Agency, Disaster Declaration	20.205
U.S. Department of Housing and Urban Development Community Development Block Grants	14.228
U.S. Department of Agriculture, Florida Department of Agriculture & Consumer, Wastewater Improvements	10.760
<b>State Projects</b>	<b>CSFA No.</b>
Florida Department of Transportation Small County Road Assistance Program	55.016
Florida Department of Transportation Small County Outreach Program	55.009

**Jackson County, Florida**  
**Schedule of Findings and Questioned Costs**  
**For the year ended September 30, 2010**

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**A. SUMMARY OF AUDIT RESULTS (CONTINUED)**

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

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

There were no current year audit findings.

**C. FINDINGS – MAJOR FEDERAL PROGRAMS AND STATE PROJECTS**

There were no current year audit findings.

**Jackson County, Florida**  
**Summary Schedule of Prior Audit Findings**  
**For the year ended September 30, 2010**

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

**MAJOR FEDERAL PROGRAMS AND STATE PROJECTS**

**BOARD OF COUNTY COMMISSIONERS**

**QUESTIONED COST, INCOMPLETE DOCUMENTATION, FINDING 08-01 - RESOLVED**

	<b><u>Questioned Cost</u></b>
<b>Florida Housing Finance Corporation, SHIP, CSFA 52.901</b>	
<b>COMMENT:</b> The County performed rehabilitation work on a home for which the tenant did not qualify for SHIP funds because he did not own the home. This resulted in Questioned Costs of \$44,251. Also, liens were not filed on this property and others, thereby potentially eliminating the County's claim against default.	<b>\$ 44,251</b>
<b>RECOMMENDATION:</b> We recommend all files be reviewed to ascertain each applicant's eligibility to receive funding and that liens are filed timely.	
<b>Total – Florida Housing Finance Corporation, SHIP, CSFA 52.901</b>	<b><u>\$ 44,251</u></b>

STATUS: RESOLVED

**INCOMPLETE DOCUMENTATION, FINDING 08-02 - RESOLVED**

**Florida Housing Finance Corporation, SHIP, CSFA 52.901**

**COMMENT:** The SHIP program has an established cap of \$30,000 for rehabilitation work on qualified applicant's home. Any cost overruns must have Board approval prior to performing such work. We noted several instances in which the total cost of the rehab work exceeded the \$30,000 and no Board approval was documented in the applicants file.

**RECOMMENDATION:** We recommend management request Board approval for cost exceeding the established cap and that documentation be maintained in the applicant's file.

STATUS: RESOLVED

**Jackson County, Florida**  
**Summary Schedule of Prior Audit Findings**  
**For the year ended September 30, 2010**

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**PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**MAJOR FEDERAL PROGRAMS AND STATE PROJECTS (CONTINUED)**

**BOARD OF COUNTY COMMISSIONERS (CONTINUED)**

**PROCUREMENT PRACTICES, FINDING 08-03 - RESOLVED**

**Florida Housing Finance Corporation, SHIP, CSFA 52.901**

**COMMENT:** The County currently uses an outside contractor to access SHIP projects and prepare a listing of work to be done and an estimate of the cost. The agreement the County has with this contractor states that the contractor has the discretion to complete all work considered emergency and bill the County SHIP program accordingly. We noted the contractor is the one that determines if the work is emergency in nature. We also noted the contract with the contractor has not been updated for several years.

**RECOMMENDATION:** We recommend the County review the existing contract and make needed changes to ascertain proper procurement practices are followed.

**STATUS:** RESOLVED

**INCOMPLETE DOCUMENTATION, FINDING 07-05 – RESOLVED**

**Florida Housing Finance Corporation, SHIP, CSFA 52.901**

**COMMENT:** We noted several applicant files with incomplete or missing documentation to include dating of documents, bank verification, income verification, and recorded liens, as stipulated in the County's Local Housing Assistance Plan as required under Florida Administrative Code 67-37.005, as well as the uses and restrictions found under Florida Administrative Code 67-37.007. Failure to complete documentation could result in the County processing and accepting ineligible applicants. Similar findings were noted by the funding agency during their review of the County.

**RECOMMENDATION:** We recommend that the County review each applicant file to ensure documentation is complete prior to approving release of funds.

**STATUS:** RESOLVED

**Jackson County, Florida**  
**Summary Schedule of Prior Audit Findings**  
**For the year ended September 30, 2010**

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**PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FINANCIAL STATEMENT AUDIT**

**BOARD OF COUNTY COMMISSIONERS**

**CAPITAL ASSET RECORDS, FINDING 08-04 – NOT RESOLVED**

**COMMENT:** The County has not properly recorded in its fixed assets detail all of the county-owned land. Some of the land was acquired many years ago and some was donated from other various entities. The County can not ascertain completeness of assets if all land is not properly recorded in fixed assets.

**RECOMMENDATION:** We recommend all land be added to the fixed asset listing.

**STATUS:** The County is currently working to resolve this finding.

**SHERIFF**

**SEGREGATION OF DUTIES, FINDING 06-04 – 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 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 Sheriff receive and review the unopened bank statements each month.

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

**PROPERTY APPRAISER**

**SEGREGATION OF DUTIES, FINDING 05-01 - NOT RESOLVED**

**COMMENT:** The size of the Property Appraiser's staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. There is a lack of segregation of duties between employees who have record keeping responsibility and custody of Property Appraiser's assets.

**Jackson County, Florida**  
**Summary Schedule of Prior Audit Findings**  
**For the year ended September 30, 2010**

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**PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FINANCIAL STATEMENT AUDIT (CONTINUED)**

**PROPERTY APPRAISER (CONTINUED)**

RECOMMENDATION: The size of the Property Appraiser's administrative staff makes it difficult to achieve ideal segregation of duties. The Property Appraiser should be aware of this internal control weakness and continue to separate record keeping duties from custody of assets as much as possible. We also recommend that management require mandatory vacations of at least one week in duration for financial personnel and recommend that their duties be assigned to other personnel while on vacation.

STATUS: This condition continues to exist.

**TAX COLLECTOR**

**NEED FOR SEGREGATION OF DUTIES, FINDING 08-06- NOT RESOLVED**

**COMMENT:** The size of the Tax Collector's staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. There is a lack of segregation of duties between employees who have record keeping responsibility and custody of Tax Collector's assets.

RECOMMENDATION: The size of the Tax Collector's administrative staff makes it difficult to achieve ideal segregation of duties. The Tax Collector should be aware of this internal control weakness and continue to separate record keeping duties from custody of assets as much as possible. We also recommend that management require mandatory vacations of at least one week in duration for financial personnel and recommend that their duties be assigned to other personnel while on vacation.

STATUS: This condition continues to exist.



Carr, Riggs & Ingram, LLC  
4267 Lafayette Street  
Marianna, FL 32446

## INDEPENDENT AUDITORS' MANAGEMENT LETTER COMMENTS

Mailing Address:  
P.O. Box 1606  
Marianna, FL 32447

To the Honorable Board of County Commissioners  
and Constitutional Officers of Jackson County, Florida  
Marianna, Florida

(850) 526-3207  
(850) 526-5322 (fax)  
[www.cricpa.com](http://www.cricpa.com)

We have audited the accompanying financial statements of Jackson County, Florida (the "County") as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated September 27, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*, Independent Auditors' Report on Compliance and Internal Control Over Compliance Applicable to Each Major Program and State Project, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated September 27, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report except as noted under the heading "Prior Year Findings and Recommendations."
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that Jackson County, Florida complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations that improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material, but, more than inconsequential. In connection with our audit, we did not have any such findings.

To the Honorable Board of County Commissioners  
and Constitutional Officers of Jackson County, Florida  
Marianna, Florida

## **BOARD OF COUNTY COMMISSIONERS**

**COMMENT:** We noted that the Gas Tax Revenue Bonds, Series 2010, states that the County shall submit the County's audited financial statements for each fiscal year within 240 days following the end of such fiscal year. The County did not meet the stated requirement regarding submission of audited financial statements.

**RECOMMENDATION:** We recommend that audited financial statements be submitted according to the requirements of the bond resolution for the Gas Tax Revenue Bonds, Series 2010.

- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we disclosed the following findings:

## **PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

### **BOARD OF COUNTY COMMISSIONERS**

**COMMENT:** We noted that the individual responsible for the receipt of payments in the Fire and Rescue Department also is responsible for the posting of payments and charges to the accounts receivable ledger. In addition, this individual also is responsible for the mailing of the statements.

**RECOMMENDATION:** We recommend that a better separation of duties be established.

**STATUS:** This item has not been corrected.

**COMMENT:** We noted that the Board has not adopted written policies and procedures governing the accounting or administration of its grant programs.

**RECOMMENDATION:** We recommend the adoption of written policies and procedures which would standardize grant administration among the various departments and ensure that all compliance requirements are addressed on a timely basis.

**STATUS:** This item has not been corrected.

**COMMENT:** It was noted that the Board does not have a policy covering travel reimbursement when an employee with a county vehicle elects to use their personal car for trips to allow their spouse to accompany them.

**RECOMMENDATION:** We recommend the Board develop a written policy that addresses the reimbursement of personal car use for Board travel when a Board automobile is available.

**STATUS:** This item has not been corrected.

To the Honorable Board of County Commissioners  
and Constitutional Officers of Jackson County, Florida  
Marianna, Florida

**COMMENT:** It was noted that the Board does not have a written cell phone or internet usage policy.

**RECOMMENDATION:** We recommend the Board develop written cell phone and internet usage policies that address the personal use of Board assets.

**STATUS:** This item has not been corrected.

- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This item is disclosed in the notes to the Financial Statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Jackson County, Florida for the fiscal year ended September 30, 2010, 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, 2010. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.
- Section 10.554(1)(i)8., Rules of the Auditor General, requires a statement as to whether or not the Clerk of Court complied with Section 28.35 and Section 28.36, Florida Statutes. In connection with our audit, we determined that the Clerk complied with such requirements.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of the Jackson County, Florida, Board of County Commissioners, Constitutional Officers and management, and the Auditor General of the State of Florida and appropriate federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

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

September 27, 2011



# BOARD of COUNTY COMMISSIONERS

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Phone (850) 482-9633  
Fax (850) 482-9643  
www.jacksoncountyfl.com

Administration Building  
2864 Madison Street  
Marianna, Florida 32448-4021

State of Florida  
Auditor General

We are in receipt of the audit report for the Board of County Commissioners, Jackson County, Florida, for the fiscal year ending September 30, 2010. We have reviewed the internal control and compliance letters, the schedule of findings and questioned costs and the management letter included in the report.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### PRIOR YEAR FINANCIAL STATEMENT AUDIT

#### CAPITAL ASSET RECORDS, FINDING 08-04

COMMENT: The County does not have all land owned properly recorded in the fixed assets. Some of the land was acquired many years ago and some was donated from other various entities. The County can no ascertain completeness of assets if all land is to properly recorded in fixed assets.

RESPONSE: The County will perform an extensive review of all land titled to the County to assure that all land is properly recorded on the fixed asset schedule.

## MANAGEMENT LETTER COMMENTS

### CURRENT YEAR FINDING

COMMENT: We noted that the Gas Tax Revenue Bonds, Series 2010 requires that the County shall submit the County's audited financial statements for each fiscal year within 240 days following the end of such fiscal year. The County did not meet the stated requirement regarding submission of audited financial statements.

RESPONSE: Staff will work to correct this finding by initiating the audit at an earlier date.

#### Commissioners

Dr. Willie E. Spires  
District 1

Edward E. Crutchfield  
District 2

Chuck Lockey  
District 3

Jeremy Branch  
District 4

Kenneth Stephens  
District 5

Ted Lahey, County Administrator

## PRIOR YEAR FINDINGS

COMMENT: We noted that the individual responsible for the receipt of payments in the Fire and Rescue Department is also responsible for the posting of payments and charges to the accounts receivable ledger. In addition, this individual is also responsible for the mailing of the statements.

RESPONSE: Currently, it is not feasible to properly separate the duties and functions of the Fire & Rescue Department. We will continue to monitor this situation to ensure all available controls are implemented.

COMMENT: We noted that the Board has not adopted written policies and procedures governing the accounting or administration of its grant programs.

RESPONSE: The County is in the process of developing policies and procedures for grant programs.

COMMENT: It was noted that the County doesn't have a policy covering travel reimbursement when an employee with a county vehicle elects to use their personal car for trips to allow their spouse to accompany them.

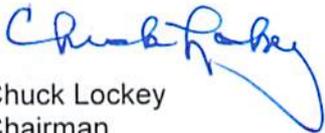
RESPONSE: The County is in the process of reviewing and revising the personnel policy to address the reimbursement of personal car use for travel in lieu of a County vehicle.

COMMENT: It was noted that the County doesn't have a written cell phone or internet usage policy.

RESPONSE: The County is in the process of reviewing and revising the personnel policy to address the personal use of County assets.

If additional information is required, please contact Daniele McDaniel, Finance Manager/Accountant at (850) 482-9634.

Sincerely,



Chuck Lockey  
Chairman



Certified Florida Appraiser

*Sharon Cox, CFA*  
Jackson County Property Appraiser

Post Office Box 1526  
Marianna, Florida 32447

PHONE: 850-- 482-9646

SUNCOM: 789-9646

FAX: 482-9036

"WE ARE HERE TO SERVE YOU"

August 24, 2011

Carr, Riggs & Ingram  
4267 Lafayette Street  
Marianna, FL 32446

To Whom It May Concern:

We are in receipt of the Jackson County Property Appraiser's audit report for the fiscal year ending September 30, 2010. In response to the internal control and compliance report the following applies:

Segregation of Duties – The Property Appraiser acknowledges the segregation of duties issue will always be of concern, however, I will continue to be involved in the day to day operations and separate duties as much as possible.

Thank you for your assistance during the audit.

Sincerely,

Sharon Cox, CFA  
Jackson County Property Appraiser



LOUIS S. ROBERTS III

**Sheriff**

**Jackson County**



AREA 850

Office: 482-9624 • Dispatch: 482-9648  
Administration: 482-9664 • C.I.D.: 482-9664  
FAX: 482-9017  
P.O. Box 919 • Marianna, Florida 32447

September 7, 2011

Honorable David W. Martin  
State of Florida Auditor General  
Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450

Dear Auditor General Martin,

We have received the audit report for the Office of Sheriff, Jackson County Florida for the fiscal year ending September 30, 2010. We have reviewed the Management Letter included in the report. Concerning the items noted in the Management letter, the following response is:

**1. Need for Segregation of Duties.**

In past years only one person held all responsibilities of the accounting and payroll for the Sheriff's Office. In 1997 we were awarded another person to segregate the duties more than in the past by the Board of Commissioners. The Sheriff has also assigned the task of approving all bills to the Major before they are paid. Due to budgetary decreases no new administrative staff positions are expected to be granted by the Board.

Sincerely,

Louis S. Roberts III, Sheriff  
Jackson County Florida

Linda J. Cowan, Finance Officer  
Jackson County Sheriff's Office

cc: Carr, Riggs, and Ingram, LLC

# Sherry A. Brown, CFC

## Tax Collector, Jackson County Certified Florida Collector



**Courthouse**  
P.O. Box 697  
Marianna, Florida 32447  
Phone 850-482-9653  
Fax 850-526-3821

**Graceville Agency**  
P.O. Box 655  
Graceville, Florida 32440  
Phone 850-263-3218  
Fax 850-263-2637

**Sneads Agency**  
P.O. Box 520  
Sneads, Florida 32460  
Phone 850-593-6737  
Fax 850-593-5388

September 13, 2011

Carr, Riggs and Ingram LLC  
P.O. Box 1606  
Marianna, FL 32447

Attention: Audit Department

I am in receipt of the audit report for the Jackson County Tax Collector's Office for the fiscal year ending September 30, 2010. Concerning the current year findings and recommendations, the following applies:

- **Need for Segregation of Duties** – The need for segregation of duties will always be a concern for my office due to the size of my staff. I am aware of internal control weaknesses this presents to my office, however we have implemented other internal controls to help compensate for this weakness. It is not practical to require mandatory vacations of at least one week, however, personnel does take vacations and are out of the office for other reasons, and on those occasions the tasks are performed by other personnel who have been cross trained for this specific reason. I will continue, as always, to be involved in the day-to-day tasks of running my office to help strengthen internal controls.

We will continue to strive to provide current, accurate and reliable financial information and serve the citizens of Jackson County, Florida in the most cost effective and efficient manner.

Sincerely,

A handwritten signature in black ink that reads "Sherry A. Brown".

Sherry A. Brown, CFC  
Jackson County Tax Collector

**Jackson County, Florida  
Board of County Commissioners**

**Special-Purpose Financial Statements**

**September 30, 2010**

**Jackson County, Florida  
Board of County Commissioners  
SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2010**

**BOARD OF COUNTY COMMISSIONERS**

**Willie Spires - District 1  
Edward Crutchfield - District 2  
Chuck Lockey - District 3  
Jeremy Branch - District 4  
Kenneth Stephens - District 5**

**CLERK OF THE CIRCUIT COURT  
Dale R. Guthrie**

**SHERIFF  
Louis S. Roberts III**

**TAX COLLECTOR  
Sherry Brown**

**PROPERTY APPRAISER  
Sharon Cox**

**SUPERVISOR OF ELECTIONS  
Sylvia Stephens**

**COUNTY ATTORNEY  
Frank Baker**

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

**Jackson County, Florida**  
**Board of County Commissioners**  
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**September 30, 2010**

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**Jackson County, Florida**  
**Board of County Commissioners**  
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**September 30, 2010**

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Carr, Riggs & Ingram, LLC  
4267 Lafayette Street  
Marianna, FL 32446

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Board of County Commissioners  
of Jackson County, Florida  
Marianna, Florida

We have audited the accompanying special-purpose financial statements of the Jackson County, Florida, Board of County Commissioners (the "Board") as of and for the year ended September 30, 2010, as listed in the table of contents. These special-purpose financial statements are the responsibility of management of the Board. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the Board's financial statements are special-purpose financial statements presenting only the financial position and results of operations of the Board. These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Jackson 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 Board.

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, the business-type activities, each major fund, the aggregate remaining fund information, and fiduciary fund type of the Board as of September 30, 2010, and the respective changes in financial position and cash flow, where applicable, thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Honorable Board of County Commissioners  
of Jackson County, Florida  
Marianna, Florida

In accordance with *Government Auditing Standards*, we have also issued a report dated June 23, 2011 on our consideration of the Board'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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Board's special-purpose financial statements. The combining and individual non-major fund special-purpose financial statements are presented for purposes of additional analysis and are not a required part of the special-purpose financial statements. The Schedule of Expenditures of Federal Award Programs and State Financial Assistance Projects is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the Rules of the Auditor General State of Florida and is not a required part of the special-purpose financial statements. The combining and individual non-major fund financial statements and the Schedule of Expenditures of Federal Award Programs and State Financial Assistance Projects have been subjected to the audit procedures applied to the special-purpose financial statements and in our opinion, are fairly stated in all material respects in relation to the special-purpose financial statements taken as a whole.

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

June 23, 2011

## **Special-Purpose Financial Statements**

**Jackson County, Florida**  
**Board of County Commissioners**  
**Special-Purpose Balance Sheet**  
**Governmental Funds**

September 30, 2010

	General Fund	Fines and Forfeiture	Transportation Trust	Local Option Gas Tax	Road Construction	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash and cash equivalents	\$ 5,963,684	\$ 666,948	\$ 263,696	\$ 4,455,870	\$ 738,097	\$ 6,543,505	\$ 18,631,800
Restricted cash and cash equivalents	464,612	-	217,646	-	-	208,845	891,103
Accounts receivable	212,410	-	-	-	-	157,973	370,383
Due from other funds	690,951	-	1,343,323	-	740,457	194,417	2,969,148
Due from constitutional officers	172,522	-	-	-	-	-	172,522
Due from other governmental units	1,000,837	343,678	538,740	440,565	1,781,520	1,049,717	5,155,057
Prepays	-	-	-	-	-	13	13
<b>Total assets</b>	<b>\$ 8,505,016</b>	<b>\$ 1,010,626</b>	<b>\$ 2,363,405</b>	<b>\$ 4,896,435</b>	<b>\$ 3,260,074</b>	<b>\$ 8,154,470</b>	<b>\$ 28,190,026</b>
<b>Liabilities</b>							
Accounts payable and accrued expense	\$ 552,141	\$ 320,627	\$ 1,071,378	\$ -	\$ 1,709,952	\$ 360,594	\$ 4,014,692
Due to other funds	59,769	228	678,943	1,379,725	-	560,504	2,679,169
Due to constitutional officers	12,499	-	-	-	-	-	12,499
Due to other governmental units	-	-	-	-	-	3,790	3,790
Deferred revenue	1,075,763	-	-	-	-	595,506	1,671,269
<b>Total liabilities</b>	<b>1,700,172</b>	<b>320,855</b>	<b>1,750,321</b>	<b>1,379,725</b>	<b>1,709,952</b>	<b>1,520,394</b>	<b>8,381,419</b>
<b>Fund balances</b>							
Reserved for:							
Landfill closure	94,846	-	-	-	-	-	94,846
Debt service	-	-	-	-	-	100,245	100,245
Other purposes	369,766	-	217,646	-	-	1,205,083	1,792,495
Unreserved, reported in:							
General fund	6,340,232	-	-	-	-	-	6,340,232
Special revenue funds	-	689,771	395,438	3,516,710	1,550,122	5,328,748	11,480,789
<b>Total fund balances</b>	<b>6,804,844</b>	<b>689,771</b>	<b>613,084</b>	<b>3,516,710</b>	<b>1,550,122</b>	<b>6,634,076</b>	<b>19,808,607</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,505,016</b>	<b>\$ 1,010,626</b>	<b>\$ 2,363,405</b>	<b>\$ 4,896,435</b>	<b>\$ 3,260,074</b>	<b>\$ 8,154,470</b>	<b>\$ 28,190,026</b>

See accompanying notes to financial statements.

**Jackson County, Florida**  
**Board of County Commissioners**  
**Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**

*For the year ended September 30, 2010*

	General Fund	Fines and Forfeiture	Transportation Trust	Local Option Gas Tax	Road Construction	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Taxes	\$ 5,328,822	\$ 6,092,148	\$ 2,934,625	\$ 2,261,857	\$ 546,931	\$ 4,200,914	\$ 21,365,297
Licenses and permits	355,721	-	-	-	-	-	355,721
Intergovernmental	4,912,156	317,577	21,333	-	2,068,877	23,476	7,343,419
Charges for services	2,681,017	390,316	-	-	-	837,559	3,908,892
Fines and forfeitures	23,625	49,657	-	-	-	93,119	166,401
Grants	60,088	-	60,126	-	3,756,523	1,094,412	4,971,149
Investment earnings	56,690	12,743	2,924	25,752	723	23,134	121,966
Other fees and miscellaneous revenues	128,079	208,713	12,124	-	-	176,527	525,443
<b>Total revenues</b>	<b>13,546,198</b>	<b>7,071,154</b>	<b>3,031,132</b>	<b>2,287,609</b>	<b>6,373,054</b>	<b>6,449,141</b>	<b>38,758,288</b>
<b>Expenditures</b>							
Current:							
General Government	4,709,280	-	-	-	-	222,782	4,932,062
Public health and safety	4,311,762	3,122,902	-	-	-	778,248	8,212,912
Physical environment	416,428	-	-	-	-	82,159	498,587
Transportation	172,751	-	4,690,735	69,725	3,932,916	746,132	9,612,259
Economic environment	420,514	-	-	-	-	299,346	719,860
Human services	881,690	-	-	-	-	26,675	908,365
Culture/recreation	374,079	-	-	-	-	590,006	964,085
Court related	164,096	-	-	-	-	117,112	281,208
Capital outlay	546,618	12,500	999,060	181,154	4,743,437	58,442	6,541,211
Debt service							
Principal	511,000	-	-	-	-	2,427,000	2,938,000
Interest and other charges	6,283	-	-	-	-	77,453	83,736
<b>Total expenditures</b>	<b>12,514,501</b>	<b>3,135,402</b>	<b>5,689,795</b>	<b>250,879</b>	<b>8,676,353</b>	<b>5,425,355</b>	<b>35,692,285</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,031,697</b>	<b>3,935,752</b>	<b>(2,658,663)</b>	<b>2,036,730</b>	<b>(2,303,299)</b>	<b>1,023,786</b>	<b>3,066,003</b>
<b>Other financing sources (uses)</b>							
Transfers in	490,613	213,648	3,001,313	672,077	1,514,220	2,722,639	8,614,510
Transfers out	(4,261,571)	(4,465,844)	(453,530)	(3,001,313)	-	(3,378,476)	(15,560,734)
Installment loan proceeds	-	-	-	-	-	503,000	503,000
<b>Net other financing sources (uses)</b>	<b>(3,770,958)</b>	<b>(4,252,196)</b>	<b>2,547,783</b>	<b>(2,329,236)</b>	<b>1,514,220</b>	<b>(152,837)</b>	<b>(6,443,224)</b>
<b>Net changes in fund balances</b>	<b>(2,739,261)</b>	<b>(316,444)</b>	<b>(110,880)</b>	<b>(292,506)</b>	<b>(789,079)</b>	<b>870,949</b>	<b>(3,377,221)</b>
<b>Fund balances - beginning</b>	<b>9,544,105</b>	<b>1,006,215</b>	<b>723,964</b>	<b>3,809,216</b>	<b>2,339,201</b>	<b>5,763,127</b>	<b>23,185,828</b>
<b>Fund balances - ending</b>	<b>\$ 6,804,844</b>	<b>\$ 689,771</b>	<b>\$ 613,084</b>	<b>\$ 3,516,710</b>	<b>\$ 1,550,122</b>	<b>\$ 6,634,076</b>	<b>\$ 19,808,607</b>

See accompanying notes to financial statements.

**Jackson County, Florida**  
**Board of County Commissioners**  
**Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**General Fund**  
**Budget and Actual**

*For the year ended September 30, 2010*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 5,201,353	\$ 5,318,147	\$ 5,328,822	\$ 10,675
Licenses and permits	324,415	370,415	355,721	(14,694)
Intergovernmental	3,971,888	5,006,140	4,912,156	(93,984)
Charges for services	2,453,510	2,695,510	2,681,017	(14,493)
Fines and forfeitures	23,615	23,615	23,625	10
Grants	-	86,456	60,088	(26,368)
Investment earnings	39,127	9,127	56,690	47,563
Other fees and miscellaneous revenues	65,546	128,846	128,079	(767)
<b>Total revenues</b>	<b>12,079,454</b>	<b>13,638,256</b>	<b>13,546,198</b>	<b>(92,058)</b>
<b>Expenditures</b>				
Current:				
General government	5,092,226	5,355,451	4,709,280	646,171
Public health and safety	4,324,328	4,851,115	4,311,762	539,353
Physical environment	540,520	543,220	416,428	126,792
Transportation	190,184	190,184	172,751	17,433
Economic environment	425,858	425,858	420,514	5,344
Human services	1,218,592	1,247,592	881,690	365,902
Culture and recreation	429,504	440,904	374,079	66,825
Court related	135,275	183,775	164,096	19,679
Capital outlay	777,050	908,062	546,618	361,444
Debt service	38,358	528,358	517,283	11,075
Reserve for contingencies	150,000	866,351	-	866,351
<b>Total expenditures</b>	<b>13,321,895</b>	<b>15,540,870</b>	<b>12,514,501</b>	<b>3,026,369</b>
Excess (deficiency) of revenues over (under) expenditures	(1,242,441)	(1,902,614)	1,031,697	2,934,311
<b>Other financing sources (uses)</b>				
Transfers in	2,348,921	2,263,321	490,613	(1,772,708)
Transfers out	(3,856,480)	(4,610,707)	(4,261,571)	349,136
Net other financing sources (uses)	(1,507,559)	(2,347,386)	(3,770,958)	(1,423,572)
<b>Net change in fund balance</b>	<b>(2,750,000)</b>	<b>(4,250,000)</b>	<b>(2,739,261)</b>	<b>1,510,739</b>
<b>Fund balance - beginning</b>	<b>9,544,105</b>	<b>9,544,105</b>	<b>9,544,105</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 6,794,105</b>	<b>\$ 5,294,105</b>	<b>\$ 6,804,844</b>	<b>\$ 1,510,739</b>

See accompanying notes to financial statements.

**Jackson County, Florida**  
**Board of County Commissioners**  
**Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Fines and Forfeitures Fund**  
**Budget and Actual**

*For the year ended September 30, 2010*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 5,917,855	\$ 6,057,355	\$ 6,092,148	\$ 34,793
Intergovernmental	361,418	401,418	317,577	(83,841)
Charges for services	321,670	376,670	390,316	13,646
Fines and forfeitures	55,100	55,100	49,657	(5,443)
Grants	-	241,000	-	(241,000)
Investment earnings	2,850	2,850	12,743	9,893
Other fees and miscellaneous revenues	199,831	199,831	208,713	8,882
<b>Total revenues</b>	<b>6,858,724</b>	<b>7,334,224</b>	<b>7,071,154</b>	<b>(263,070)</b>
<b>Expenditures</b>				
Current:				
Public health and safety	3,100,266	3,518,763	3,122,902	395,861
Capital outlay	78,000	78,000	12,500	65,500
Reserve for contingencies	150,000	235,900	-	235,900
<b>Total expenditures</b>	<b>3,328,266</b>	<b>3,832,663</b>	<b>3,135,402</b>	<b>697,261</b>
Excess (deficiency) of revenues over (under) expenditures	3,530,458	3,501,561	3,935,752	434,191
<b>Other financing sources (uses)</b>				
Transfers in	180,283	230,283	213,648	(16,635)
Transfers out	(4,360,741)	(4,381,844)	(4,465,844)	(84,000)
Net other financing sources (uses)	(4,180,458)	(4,151,561)	(4,252,196)	(100,635)
<b>Net change in fund balance</b>	<b>(650,000)</b>	<b>(650,000)</b>	<b>(316,444)</b>	<b>333,556</b>
<b>Fund balance - beginning</b>	<b>1,006,215</b>	<b>1,006,215</b>	<b>1,006,215</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 356,215</b>	<b>\$ 356,215</b>	<b>\$ 689,771</b>	<b>\$ 333,556</b>

See accompanying notes to financial statements.

**Jackson County, Florida**  
**Board of County Commissioners**  
**Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Transportation Trust Fund**  
**Budget and Actual**

*For the year ended September 30, 2010*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 2,661,628	\$ 2,861,628	\$ 2,934,625	\$ 72,997
Intergovernmental	20,589	20,589	21,333	744
Grants	-	68,000	60,126	(7,874)
Investment earnings	7,200	7,200	2,924	(4,276)
Other fees and miscellaneous revenues	16,314	16,314	12,124	(4,190)
<b>Total revenues</b>	<b>2,705,731</b>	<b>2,973,731</b>	<b>3,031,132</b>	<b>57,401</b>
<b>Expenditures</b>				
Current:				
Transportation	5,396,106	5,299,319	4,690,735	608,584
Capital outlay	122,500	1,122,500	999,060	123,440
<b>Total expenditures</b>	<b>5,518,606</b>	<b>6,421,819</b>	<b>5,689,795</b>	<b>732,024</b>
Excess (deficiency) of revenues over (under) expenditures	(2,812,875)	(3,448,088)	(2,658,663)	789,425
<b>Other financing sources (uses)</b>				
Transfers in	3,196,385	3,496,385	3,001,313	(495,072)
Transfers out	(383,510)	(553,510)	(453,530)	99,980
<b>Net other financing sources (uses)</b>	<b>2,812,875</b>	<b>2,942,875</b>	<b>2,547,783</b>	<b>(395,092)</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>(505,213)</b>	<b>(110,880)</b>	<b>394,333</b>
<b>Fund balance - beginning</b>	<b>723,964</b>	<b>723,964</b>	<b>723,964</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 723,964</b>	<b>\$ 218,751</b>	<b>\$ 613,084</b>	<b>\$ 394,333</b>

See accompanying notes to financial statements.

**Jackson County, Florida**  
**Board of County Commissioners**  
**Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Local Option Gas Tax**  
**Budget and Actual**

*For the year ended September 30, 2010*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 2,091,739	\$ 2,241,739	\$ 2,261,857	\$ 20,118
Investment earnings	28,500	28,500	25,752	(2,748)
<b>Total revenues</b>	2,120,239	2,270,239	2,287,609	17,370
<b>Expenditures</b>				
Current:				
Transportation	285	285	69,725	(69,440)
Capital outlay	-	1,567,218	181,154	1,386,064
Reserve for contingencies	-	1,687,644	-	1,687,644
<b>Total expenditures</b>	285	3,255,147	250,879	3,004,268
Excess (deficiency) of revenues over (under) expenditures	2,119,954	(984,908)	2,036,730	3,021,638
<b>Other financing sources (uses)</b>				
Transfers in	-	672,077	672,077	-
Transfers out	(3,196,385)	(3,496,385)	(3,001,313)	495,072
Net other financing sources (uses)	(3,196,385)	(2,824,308)	(2,329,236)	495,072
<b>Net change in fund balance</b>	(1,076,431)	(3,809,216)	(292,506)	3,516,710
<b>Fund balance - beginning</b>	3,809,216	3,809,216	3,809,216	-
<b>Fund balance - ending</b>	\$ 2,732,785	\$ -	\$ 3,516,710	\$ 3,516,710

See accompanying notes to financial statements.

**Jackson County, Florida**  
**Board of County Commissioners**  
**Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Road Construction**  
**Budget and Actual**

*For the year ended September 30, 2010*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 496,215	\$ 496,215	\$ 546,931	\$ 50,716
Intergovernmental	1,910,367	1,910,367	2,068,877	158,510
Grants	-	4,050,983	3,756,523	(294,460)
Investment earnings	3,801	3,801	723	(3,078)
<b>Total revenues</b>	<b>2,410,383</b>	<b>6,461,366</b>	<b>6,373,054</b>	<b>(88,312)</b>
<b>Expenditures</b>				
Current:				
Transportation	281,362	4,257,857	3,932,916	324,941
Capital outlay	-	5,207,000	4,743,437	463,563
<b>Total expenditures</b>	<b>281,362</b>	<b>9,464,857</b>	<b>8,676,353</b>	<b>788,504</b>
Excess (deficiency) of revenues over (under) expenditures	2,129,021	(3,003,491)	(2,303,299)	700,192
<b>Other financing sources (uses)</b>				
Transfers in	1,484,264	1,654,264	1,514,220	(140,044)
Net other financing sources (uses)	1,484,264	1,654,264	1,514,220	(140,044)
<b>Net change in fund balance</b>	<b>3,613,285</b>	<b>(1,349,227)</b>	<b>(789,079)</b>	<b>560,148</b>
<b>Fund balance - beginning</b>	<b>2,339,201</b>	<b>2,339,201</b>	<b>2,339,201</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 5,952,486</b>	<b>\$ 989,974</b>	<b>\$ 1,550,122</b>	<b>\$ 560,148</b>

See accompanying notes to financial statements.

**Jackson County, Florida**  
**Board of County Commissioners**  
**Special-Purpose Statement of Net Assets**  
**Proprietary Funds**

September 30, 2010

	<b>BUSINESS-TYPE ACTIVITIES/ENTERPRISE FUNDS</b>			
	<b>NON-MAJOR FUNDS</b>			<b>Total</b>
	<b>Jackson Water/Sewer</b>	<b>Parks and Recreation</b>	<b>Jackson Recycling</b>	
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 131,819	\$ 121,702	\$ 345,332	\$ 598,853
Accounts receivable, net	75,113	8,899	7,562	91,574
Prepays	-	21	-	21
Due from other funds	-	298	7,129	7,427
Due from other governments	178,743	-	-	178,743
<b>Total current assets</b>	<b>385,675</b>	<b>130,920</b>	<b>360,023</b>	<b>876,618</b>
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	765,659	-	-	765,659
Capital assets				
Nondepreciable	2,973,352	-	16,145	2,989,497
Depreciable, net	8,088,964	794,276	169,998	9,053,238
<b>Total noncurrent assets</b>	<b>11,827,975</b>	<b>794,276</b>	<b>186,143</b>	<b>12,808,394</b>
<b>Total assets</b>	<b>\$ 12,213,650</b>	<b>\$ 925,196</b>	<b>\$ 546,166</b>	<b>\$ 13,685,012</b>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 218,930	\$ 14,949	\$ 8,711	\$ 242,590
Interest payable	17,805	-	-	17,805
Due to other funds	227,146	70,260	-	297,406
Liabilities payable from restricted assets	22,553	-	-	22,553
Bonds payable - current	49,000	-	-	49,000
<b>Total current liabilities</b>	<b>535,434</b>	<b>85,209</b>	<b>8,711</b>	<b>629,354</b>
Noncurrent liabilities				
Revenue bonds payable	4,713,000	-	-	4,713,000
<b>Total noncurrent liabilities</b>	<b>4,713,000</b>	<b>-</b>	<b>-</b>	<b>4,713,000</b>
<b>Total liabilities</b>	<b>5,248,434</b>	<b>85,209</b>	<b>8,711</b>	<b>5,342,354</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	6,300,316	794,276	186,143	7,280,735
Restricted for				
Debt service	252,101	-	-	252,101
Other purposes	473,200	-	-	473,200
Unrestricted (deficit)	(60,401)	45,711	351,312	336,622
<b>Total net assets</b>	<b>\$ 6,965,216</b>	<b>\$ 839,987</b>	<b>\$ 537,455</b>	<b>\$ 8,342,658</b>

See accompanying notes to financial statements.

**Jackson County, Florida**  
**Board of County Commissioners**  
**Special-Purpose Statement of Revenues, Expenses, and Changes in Net Assets**  
**Proprietary Funds**

*For the year ended September 30, 2010*

	<b>BUSINESS -TYPE ACTIVITIES/ENTERPRISE FUNDS</b>			
	<b>NON-MAJOR FUNDS</b>			<b>Total</b>
	<b>Jackson Water/Sewer</b>	<b>Parks and Recreation</b>	<b>Jackson Recycling</b>	
<b>Operating revenues</b>				
Charges for services	\$ 784,618	\$ 164,289	\$ 132,422	\$ 1,081,329
<b>Total operating revenues</b>	<b>784,618</b>	<b>164,289</b>	<b>132,422</b>	<b>1,081,329</b>
<b>Operating expenses</b>				
Personal services	173,668	246,709	193,056	613,433
Utilities	103,066	25,000	-	128,066
Services and supplies	220,319	49,716	11,358	281,393
Repairs and maintenance	34,342	12,910	59	47,311
Other operating expenses	-	3,199	111	3,310
Depreciation	199,462	57,748	31,899	289,109
<b>Total operating expenses</b>	<b>730,857</b>	<b>395,282</b>	<b>236,483</b>	<b>1,362,622</b>
<b>Net operating income (loss)</b>	<b>53,761</b>	<b>(230,993)</b>	<b>(104,061)</b>	<b>(281,293)</b>
<b>Nonoperating revenues (expenses)</b>				
Interest income	13,604	133	1,606	15,343
Interest expense	(207,241)	-	-	(207,241)
Miscellaneous revenue	-	137,710	2	137,712
<b>Total nonoperating revenues (expenses)</b>	<b>(193,637)</b>	<b>137,843</b>	<b>1,608</b>	<b>(54,186)</b>
<b>Income (loss) before contributions and transfers</b>	<b>(139,876)</b>	<b>(93,150)</b>	<b>(102,453)</b>	<b>(335,479)</b>
Capital contributions	614,227	7,206	-	621,433
Transfers, net	100,015	159,744	-	259,759
<b>Change in net assets</b>	<b>574,366</b>	<b>73,800</b>	<b>(102,453)</b>	<b>545,713</b>
<b>Total net assets - beginning</b>	<b>6,390,850</b>	<b>766,187</b>	<b>639,908</b>	<b>7,796,945</b>
<b>Total net assets - ending</b>	<b>\$ 6,965,216</b>	<b>\$ 839,987</b>	<b>\$ 537,455</b>	<b>\$ 8,342,658</b>

See accompanying notes to financial statements.

**Jackson County, Florida**  
**Board of County Commissioners**  
**Special-Purpose Statement of Cash Flows**  
**Proprietary Funds**

*For the year ended September 30, 2010*

	<b>BUSINESS-TYPE ACTIVITIES/ENTERPRISE FUNDS</b>			
	<b>NON-MAJOR FUNDS</b>			<b>Total</b>
	<b>Jackson Water/Sewer</b>	<b>Parks and Recreation</b>	<b>Jackson Recycling</b>	
<b>Operating activities</b>				
Receipts from customers and users	\$ 979,638	\$ 157,062	\$ 135,367	\$ 1,272,067
Payments to suppliers	(638,952)	(88,051)	(4,134)	(731,137)
Payments to employees	(173,668)	(246,709)	(193,056)	(613,433)
<b>Net cash (used) provided by operating activities</b>	<b>167,018</b>	<b>(177,698)</b>	<b>(61,823)</b>	<b>(72,503)</b>
<b>Noncapital financing activities</b>				
Transfers to/from other funds	100,015	159,744	-	259,759
Advances from/to other funds	172,000	(26,022)	(9,499)	136,479
<b>Net cash provided (used) by noncapital financing activities</b>	<b>272,015</b>	<b>133,722</b>	<b>(9,499)</b>	<b>396,238</b>
<b>Capital and related financing activities</b>				
Proceeds from capital debt	2,014,000	-	-	2,014,000
Capital contributions	614,227	7,206	-	621,433
Purchase of capital assets	(824,362)	-	-	(824,362)
Principal payments on capital debt	(2,060,000)	-	-	(2,060,000)
Interest payments on capital debt	(200,075)	-	-	(200,075)
Other receipts	-	137,305	-	137,305
<b>Net cash (used) provided by capital and related financing activities</b>	<b>(456,210)</b>	<b>144,511</b>	<b>-</b>	<b>(311,699)</b>
<b>Investing activities</b>				
Interest and dividends	13,604	133	1,608	15,345
<b>Net cash provided by investing activities</b>	<b>13,604</b>	<b>133</b>	<b>1,608</b>	<b>15,345</b>
<b>Net increase (decrease) in cash and equivalents</b>	<b>(3,573)</b>	<b>100,668</b>	<b>(69,714)</b>	<b>27,381</b>
<b>Cash - beginning of the year</b>	<b>901,051</b>	<b>21,034</b>	<b>415,046</b>	<b>1,337,131</b>
<b>Cash - end of the year</b>	<b>\$ 897,478</b>	<b>\$ 121,702</b>	<b>\$ 345,332</b>	<b>\$ 1,364,512</b>
<b>Reconciliation of net operating income to net cash provided (used) by operating activities</b>				
Net operating income (loss)	\$ 53,761	\$ (230,993)	\$ (104,061)	\$ (281,293)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	199,462	57,748	31,899	289,109
(Increase) decrease in accounts receivable	(18,694)	(7,227)	2,945	(22,976)
(Increase) decrease in due from other governments	210,986	-	-	210,986
(Increase) decrease in prepaid expenses	-	(21)	-	(21)
(Increase) decrease in deposits	2,728	-	-	2,728
Increase (decrease) in accounts payable	(281,225)	2,795	7,394	(271,036)
<b>Net cash (used) provided by operating activities</b>	<b>\$ 167,018</b>	<b>\$ (177,698)</b>	<b>\$ (61,823)</b>	<b>\$ (72,503)</b>

See accompanying notes to financial statements.

**Jackson County, Florida**  
**Board of County Commissioners**  
**Special-Purpose Statement of Fiduciary Net Assets**  
**Agency Funds**

*September 30, 2010*

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	<b>Agency Funds</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 72,654
<b>Total assets</b>	<b>\$ 72,654</b>
<b>Liabilities</b>	
Due to others	\$ 72,654
<b>Total liabilities</b>	<b>\$ 72,654</b>

See accompanying notes to financial statements.

**Jackson County, Florida**  
**Board of County Commissioners**  
**Notes to Special-Purpose Financial Statements**

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

The financial statements of Jackson County, Florida, Board of County Commissioners (the "Board") conform to accounting principles generally accepted in the United States of America, as applicable to governments. The following is a summary of significant accounting principles and policies used in the preparation of these special-purpose financial statements.

**Reporting Entity**

Jackson County, Florida (The County), located in Northwest Florida, is a political subdivision of the State of Florida and provides services to approximately 50,000 residents in many areas including general government, public safety, physical environment, transportation, economic environment, human services, and culture and recreation. The County was established August 12, 1822, by the First Session of the Territorial Legislative Council. It is governed by a five-member elected Board of County Commissioners (the "Board"), which derives its authority by Florida Statutes and regulations. In addition to the members of the Board, there are five elected constitutional officers: Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections.

The elected offices of the Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser, and Supervisor of Elections are operated as separate County agencies in accordance with applicable provisions of Florida Statutes. These constitutional officers operate on a budget system whereby County-appropriated funds are received from the Board with unexpended funds returned to the Board. The Tax Collector and Clerk of the Circuit Court also operate as a fee officer by retaining various fees collected by these offices. The Clerk of the Circuit Court also receives appropriated funds from the State of Florida to fund court-related activities. Separate accounting records and budgets are maintained by each individual office.

Blended component units - The Jackson County Agriculture Center (Ag Center), a separate independent district from the Board, is governed by a five member Board appointed by the Board. The Ag Center was originally formed January 24, 1957 by the Governor of the State of Florida. For financial reporting purposes, the Ag Center is blended in the financial statements of the Board as part of the special revenue funds.

The Compass Lake Municipal Service Taxing Unit (MSTU), was created by the Board pursuant to Section 125.01 (1)(g) of the Florida Statutes. The municipal service taxing unit was created for the unincorporated area known as Compass Lake in the Hills. An assessment against each lot was made for providing various services to the landowners of this area. Assessments are collected by the Tax Collector as part of the regular ad valorem tax collection schedule. The funds are remitted to the Compass Lake in the Hills Property Owners' Association, Inc. (a Florida not for profit corporation) which in turn is responsible for the administration of the funds. For financial reporting purposes, the MSTU is blended in the financial statements of the Board as a part of the special revenue funds.

These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of the Board 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 Board.

**Jackson County, Florida**  
**Board of County Commissioners**  
**Notes to Special-Purpose Financial Statements**

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

**Basis of Presentation**

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

Major revenue sources susceptible to accrual include: sales and use taxes, various motor fuel taxes, property taxes, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

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

The Board reports the following major governmental funds:

**General Fund** - The general fund is the Board's primary operating fund. It accounts for all resources traditionally associated with governments except those required to be accounted for in another fund.

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

**Transportation Trust** - This fund accounts for the Board's county gas tax revenue, motor fuel taxes and other shared revenue earmarked for general and administrative operations costs of the Public Works Department.

**Local Option Gas Tax** - This fund accounts for the Board's local option gas tax funds distributed from the State. The funds are used for road maintenance and improvements.

**Road Construction** - This fund accounts for the various revenues provided for the resurfacing and improving roads throughout the Board.

The Board reports the following major proprietary fund:

**Water/Sewer System** - This fund accounts for the revenues and expenses capital assets and debt for the utility department of the Board.

**Jackson County, Florida**  
**Board of County Commissioners**  
**Notes to Special-Purpose Financial Statements**

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

The Board also reports the following fund type:

**Agency Funds** - The agency funds are used to account for assets held by the Board 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. 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 special-purpose financial statements. Basis of accounting related 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) and (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.

The Board’s enterprise funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the accrual basis of accounting and the economic resources measurement focus. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Proprietary Funds are charges to customers for sales and services. Operating expenses for the Proprietary Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow subsequent private-sector guidance.

**Jackson County, Florida**  
**Board of County Commissioners**  
**Notes to Special-Purpose Financial Statements**

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

**Budgets and Budgetary Accounting**

General governmental revenue and expenditures accounted for in budgetary funds are controlled by a budgetary accounting system in accordance with various legal requirements which govern the Board's operations. Budgets are monitored at varying levels of classification detail; however, expenditures cannot legally exceed total appropriations at the individual fund level. All budget changes that affect the total of a fund's budget must be approved by the Board.

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.

**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.

**Receivables**

Receivables are shown at their net realizable value. See Note 5 for allowance for doubtful accounts.

**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."

**Inventories**

Inventory items of materials and supplies, which are not significant in amount, are considered expenditures when purchased in the governmental funds. No physical inventory was taken at year end; therefore, no inventory has been recorded on the combined balance sheet. The amount is estimated to be immaterial.

**Prepaid Expenses**

General fund expenditures for insurance and similar services extending over more than one accounting period are accounted for as expenditures in the period of acquisition.

**Jackson County, Florida**  
**Board of County Commissioners**  
**Notes to Special-Purpose Financial Statements**

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

**Capital Assets**

The Board's capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, right of ways, stormwater system, sidewalks, and similar items), are reported in the capital asset accounts of the County. Property and equipment with initial, individual costs that exceed \$5,000 and an estimated useful life in excess of one year are recorded as capital assets. Buildings, roads, bridges, and sidewalks are capitalized when their initial costs exceed \$5,000 and possess estimated useful lives of more than one year. 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.

The Board's infrastructure was updated for infrastructure acquired prior to 2002. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	5-50
Improvements, other than buildings	2-50
Machinery and equipment	3-30

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.

The Board's capital assets are reported in the statement of net assets in the County's financial statements.

**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 Board 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 Board service if certain criteria are met. These benefits, plus their related tax and retirement costs are classified as compensated absences. Employees may be paid for unused vacation hours accrued up to a maximum amount. Payment of unused sick leave, upon termination, is also provided for up to varying amounts.

The Board's compensated absences are accrued and reported in the government-wide financial statements of 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 rates of pay. This is accounted for pursuant to GASB Statement No. 16, *Accounting for Compensated Absences*.

**Jackson County, Florida  
Board of County Commissioners  
Notes to Special-Purpose Financial Statements**

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

**Reserves and Designations of Fund Equity**

Reserves indicate that portion of fund balance or net assets that are not available for appropriation or which are legally segregated for a specific future use. The description of each reserve indicates the purpose for which each was intended. Designated portions of fund equity represent management's tentative future spending plans. Such designations should be clearly distinguished from reserves, since managerial plans are subject to change and may never be legally authorized or result in actual expenditures.

**Long-term Debt**

The governmental fund financial statements recognize the proceeds of debt as other financial sources of the current period. Issuance costs are reported as expenditures.

**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 Board does not record encumbrances outstanding at year end.

**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**

The Board has evaluated subsequent events through the date of issuance of the Auditors' Report.

**NOTE 2 - PROPERTY TAXES**

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Property Appraiser and Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. Florida Statutes permit counties to levy property taxes at a rate of up to 10 mills for general operations. The 2010 millage rate assessed by the Board was 7.2898 mills.

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

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.

**Jackson County, Florida**  
**Board of County Commissioners**  
**Notes to Special-Purpose Financial Statements**

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**NOTE 2 - PROPERTY TAXES (CONTINUED)**

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.

On or prior to June 1, following the tax year, tax 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.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

At year end, the carrying amount of the Board's deposits was \$20,960,069 and the bank balance was \$21,395,251. 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 Board to invest in certificates of deposit, repurchase agreements and the State Treasurer's Investment Pool. In addition, the statutes allow the Board to invest in bonds, notes or other obligations of the United States Government, certain bonds of any state or local government unit, and bonds issued by certain government agencies.

The Board invested funds in the Florida State Board of Administration Local Governments Surplus Funds Investment Pool. At September 30, 2010, the market value and the carrying value of these funds was \$6,826,086. The funds are carried as a cash equivalent on the balance sheet at September 30, 2010 (See Note 1 for definition of cash equivalents) and are included in carrying value and bank balance in the first paragraph of this note.

The Board's investments in the Local Government Surplus Funds Trust Fund (Florida PRIME), which the State Board of Administration indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of September 30, 2010, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which is amortized cost.

**Jackson County, Florida**  
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**Notes to Special-Purpose Financial Statements**

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**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

The State Board of Administration's interpretation in regards to the Board's investments in Fund B is that it does not meet the requirement of a SEC 2a-7-like fund; therefore, State Board of Administration is providing a Fair Value factor (i.e. total net asset value of Fund B divided by total participant balances of Fund B) for September 30, 2010. The Fair Value factor for Fund B for September 30, 2010, is .707058094.

As of September 30, 2010, the County had \$6,646,486 and \$179,600 invested in Florida PRIME and Fund B, respectively. Additional information and investment policies regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration at [www.sbafla.com/prime](http://www.sbafla.com/prime).

**Credit Risk**

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

As of September 30, 2010, the Board's investment in the Florida PRIME is rated by Standard and Poors and the current rating is AAAM. The Fund B Surplus Funds Trust Fund is not rated by any nationally recognized statistical rating agency.

**Interest Rate Risk**

The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2010, is 52 days. Next interest rate reset for floating rate securities are used in the calculation of the WAM. The weighted average life (based on expected future cash flows) of Fund B at September 30, 2010, is estimated at 7.49 years. However, because Fund B consists of restructured or defaulted securities, there is considerable uncertainty regarding the weighted average life.

**Custodial Credit Risk**

At September 30, 2010, the Board did not hold any deposits or investments that were considered to have a custodial credit risk.

**Concentration of Credit Risk**

At September 30, 2010, the Board did not hold any investments that were considered to have a concentration of credit risk.

**Jackson County, Florida**  
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**Notes to Special-Purpose Financial Statements**

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**NOTE 4 - RESTRICTED ASSETS**

The General Fund's cash is restricted as follows:

	<b>Amount</b>
Landfill closure escrow account	\$ 94,846
Technology Escrow	100,047
Sick leave buyback program	269,719
<b>Total</b>	<b>\$ 464,612</b>

The Transportation Trust Fund's cash is restricted for the sick leave buyback program in the amount of \$217,646.

The Nonmajor Governmental funds' cash is restricted for the debt service in the amount of \$208,845.

Certain Enterprise Fund assets are restricted for debt service and future extension and improvements. Impact fees are recorded as contributed capital and may only be used for extensions to the Water System. The Jackson County Water/Sewer Fund's cash is restricted as follows:

	<b>Amount</b>
Debt service	\$ 269,906
Investment extension and improvements	495,753
<b>Total</b>	<b>\$ 765,659</b>

**NOTE 5 - ACCOUNTS RECEIVABLE**

Accounts receivable of the Fire/Rescue Department are accounted for in the Board's General Fund. Accounts receivable in the Fire/Rescue Department totaled \$977,485 and are shown net of allowance for doubtful accounts of \$765,386. This allowance represents an uncollected billing ratio based on past history of collections and aged accounts receivable listings.

Accounts receivables for the Enterprise Fund are from various utility customers. No allowance for uncollectible accounts is deemed to be necessary.

**Jackson County, Florida  
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Notes to Special-Purpose Financial Statements**

**NOTE 6 - INTERFUND BALANCES**

Interfund balances at September 30, 2010 consisted of the following:

**Due to/from Other Funds:**

<b>Receivable Fund</b>	<b>Payable Fund</b>	
General fund	Fines and Forfeiture	\$ 228
	Nonmajor governmental funds:	
	E911	33,966
	CDBG - OONR	146,153
	Capital Improvement 2003 Debt Service	100,858
	Other special revenue funds	213,235
	Proprietary funds:	
	Jackson Water/Sewer	227,146
	Parks and Recreation	70,260
Transportation Trust	Local Option Gas Tax	1,343,323
Road Construction	Transportation	678,943
	Local Option Gas Tax	36,402
Nonmajor governmental funds	General fund	59,769
	Other special revenue funds	58,865
Subtotal		2,969,148
Proprietary Funds	Other special revenue funds	7,427
<b>Total</b>		<b>\$ 2,976,575</b>

The 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. Amounts are generally repaid during the next fiscal year.

The general fund and fines and forfeitures have amounts due 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.

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**Notes to Special-Purpose Financial Statements**

**NOTE 6 - INTERFUND BALANCES (CONTINUED)**

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
Board		
General fund	\$ 172,522	\$ 12,499
Constitutional officers		
Clerk of Courts	-	69,923
Tax Collector	-	82,417
Supervisor of Elections	12,499	-
Property Appraiser	-	20,182
<b>Total</b>	<b>\$ 185,021</b>	<b>\$ 185,021</b>

Interfund transfers for the year ended September 30, 2010, consisted of the following:

<b>Transfers to General Fund from:</b>		
Nonmajor Governmental fund		\$ 490,613
Fines and Forfeiture		4,465,844
<b>Transfers to Fines and Forfeiture</b>		
Nonmajor Governmental fund		213,648
<b>Transfers to Transportation Trust</b>		
Local Option Gas Tax		3,001,313
<b>Transfers to Local Option Gas Tax</b>		
General fund		672,077
<b>Transfers to Road Construction</b>		
Transportation Trust	\$ 453,530	
Nonmajor Governmental Funds	435,579	
General fund	625,111	
Total		1,514,220
<b>Transfers to Nonmajor Governmental Funds from:</b>		
General fund	317,222	
Nonmajor Governmental funds	2,405,417	
Total		2,722,639
<b>Subtotal</b>		<b>13,080,354</b>
<b>Transfers to Proprietary funds from</b>		
General fund		259,759
<b>Total interfund transfers</b>		<b>\$ 13,340,113</b>

**Jackson County, Florida**  
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**Notes to Special-Purpose Financial Statements**

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**NOTE 6 - INTERFUND BALANCES (CONTINUED)**

Transfers are used to use (1) use utility fees to finance general operating activities that are accounted for in general fund, (2) use revenue from inmate welfare fund to cover cost relating to inmate welfare expenses in other fund, (3) use local option gas tax to cover road and bridge operating expenses, (4) transfer fiscally constrained revenue to fund road raving expenditures in local option gas tax fund, (5) use local option gas tax to cover road construction projects, (6) use unrestricted general fund revenues and nonmajor governmental revenues to finance debt service and operating expenses that are accounted for in other funds, (7) use unrestricted general fund revenues and nonmajor governmental revenues to finance debt service and operating expenses that are accounted for in the proprietary funds.

The Board provides funding for the constitutional officers whose financial statements are not included with the Board's statements. Excess fees from the constitutional officers are netted against the transfers out. The following schedule shows the net transfers to and from the constitutional officers.

Interfund transfers to/from Constitutional Officers for the year ended September 30, 2010, consisted of the following:

	<b>Amount</b>
Clerk of Courts	\$ 418,276
Supervisor of Elections	478,019
Tax Collector	621,480
Property Appraiser	870,098
Sheriff	4,299,063
<hr/>	
Total	\$ 6,686,936

**NOTE 7 - DUE FROM OTHER GOVERNMENTS**

Due from other governments consists of funds earned as of September 30, 2010, but not yet received by the Board. The majority of these amounts were received in October and November 2010.

**Jackson County, Florida**  
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**Notes to Special-Purpose Financial Statements**

**NOTE 8 - CAPITAL ASSETS**

The Board's governmental capital assets are reported in the statement of net assets in the County's financial statements.

Capital asset activity for the year ended September 30, 2010, was as follows:

	<b>BEGINNING BALANCE</b>	<b>INCREASES</b>	<b>DECREASES</b>	<b>ENDING BALANCE</b>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land and improvements	\$ 2,072,421	\$ -	\$ -	\$ 2,072,421
Construction in progress	742,354	2,185,044	561,147	2,366,251
<b>Total capital assets, not being depreciated</b>	<b>2,814,775</b>	<b>2,185,044</b>	<b>561,147</b>	<b>4,438,672</b>
Capital assets, being depreciated:				
Buildings and improvements	16,867,903	283,844	-	17,151,747
Equipment	12,366,355	1,332,776	-	13,699,131
Roads	25,199,245	3,300,694	-	28,499,939
Infrastructure - Sidewalks	272,305	-	-	272,305
<b>Total capital assets, being depreciated</b>	<b>54,705,808</b>	<b>4,917,314</b>	<b>-</b>	<b>59,623,122</b>
Less: Total accumulated depreciation	25,842,313	2,441,632	-	28,283,945
<b>Total capital assets, being depreciated, net</b>	<b>28,863,495</b>	<b>2,475,682</b>	<b>-</b>	<b>31,339,177</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 31,678,270</b>	<b>\$ 4,660,726</b>	<b>\$ 561,147</b>	<b>\$ 35,777,849</b>

Capital asset additions for governmental activities do not agree to the capital outlay expense per the Statement of Revenues, Expenditures, and Changes in Fund Balances due to capital assets that were purchased by the Jackson County Health Department and assets donated to the County. By Florida Statute, the Jackson County Health Department can not own assets; therefore the Board is custodian of these assets.

**Jackson County, Florida**  
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**Notes to Special-Purpose Financial Statements**

**NOTE 8 - CAPITAL ASSETS (CONTINUED)**

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 21,145	\$ -	\$ -	\$ 21,145
Construction in progress	2,143,990	824,362	-	2,968,352
Total capital assets, not being depreciated	2,165,135	824,362	-	2,989,497
Capital assets, being depreciated:				
Equipment	11,648,410	-	-	11,648,410
Total capital assets, being depreciated	11,648,410	-	-	11,648,410
Less: Total accumulated depreciation	2,306,063	289,109	-	2,595,172
Total capital assets, being depreciated, net	9,342,347	(289,109)	-	9,053,238
Business-type activities capital assets, net	\$ 11,507,482	\$ 535,253	\$ -	\$ 12,042,735

The Board's depreciation expenses for governmental activities are reported in the statement of activities in the County's financial statements. Depreciation expense was charged to functions/programs of the County as follows:

<b>Governmental activities:</b>	
General government	\$ 131,176
Public safety	355,775
Transportation	1,737,613
Economic environment	17,986
Culture and recreation	139,031
Human services	37,841
Court related	22,210
Total depreciation expense-governmental activities	\$ 2,441,632
<b>Business-type activities:</b>	
Water and Sewer	\$ 199,462
Recycling	31,899
Parks and recreation	57,748
Total depreciation expense-business-type activities	\$ 289,109

**Jackson County, Florida**  
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**Notes to Special-Purpose Financial Statements**

**NOTE 9 - SHORT-TERM LIABILITIES**

Short-term debt activity for the year ended September 30, 2010, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE
<b>Business-type activities:</b>				
Notes payable	\$ 2,014,000	\$ -	\$ 2,014,000	\$ -
Total	\$ 2,014,000	\$ -	\$ 2,014,000	\$ -

**NOTE 10 - LONG-TERM LIABILITIES**

The Board's long-term debt activity is reported in the statement of net assets in the County's financial statements.

Long-term debt activity for the year ended September 30, 2010, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
<b>Governmental activities:</b>					
Revenue bonds	\$ 2,010,113	\$ 503,000	\$ 2,010,113	\$ 503,000	\$ 503,000
Notes payable and capital leases	928,000	-	928,000	-	-
Compensated absences	809,316	-	48,566	760,750	-
Landfill closure and post-closure costs	292,161	-	-	292,161	83,581
Total Governmental activities:	4,039,590	503,000	2,986,679	1,555,911	586,581
<b>Business-type activities:</b>					
Revenue bonds	2,794,000	2,014,000	46,000	4,762,000	49,000
Total	\$ 6,833,590	\$ 2,517,000	\$ 3,032,679	\$ 6,317,911	\$ 635,581

**Jackson County, Florida**  
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**Notes to Special-Purpose Financial Statements**

**NOTE 10 - LONG-TERM LIABILITIES (CONTINUED)**

Payments on the notes, leases payable, and sales tax revenue bonds that pertain to the Board'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, 2010 are as follows:

<b>GOVERNMENTAL ACTIVITIES</b>					
FISCAL YEAR ENDING SEPTEMBER 30,	REVENUE BONDS		NOTES PAYABLE		
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2011	\$ 503,000	\$ 9,054	\$ -	\$ -	
Total	\$ 503,000	\$ 9,054	\$ -	\$ -	

<b>BUSINESS-TYPE ACTIVITIES</b>				
FISCAL YEAR ENDING SEPTEMBER 30,	REVENUE BONDS			
	PRINCIPAL		INTEREST	
2011	\$ 49,000			\$ 213,663
2012			73,000	211,425
2013			77,000	208,130
2014			80,000	204,656
2015			84,000	201,048
2016-2020			475,000	945,216
2021-2025			593,000	827,891
2026-2030			739,000	681,395
2031-2035			922,000	498,634
2036-2040			875,000	275,346
2041-2045			409,000	139,650
2046-2050			386,000	42,438
Total			\$ 4,762,000	\$ 4,449,492

**Revenue Bonds**

\$10,080,000, Gas Tax Revenue Bonds, Series 2010, payable in semi-annual installments of \$426,350 to \$587,796 through 2020, interest at 3.6%. Secured by pledged revenue generated from certain gas tax revenues.	\$ 503,000
Total revenue bonds	\$ 503,000

**Jackson County, Florida**  
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**Notes to Special-Purpose Financial Statements**

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**NOTE 10 - LONG-TERM LIABILITIES (CONTINUED)**

**Business-type activities**

**Revenue Bonds**

\$1,500,000, Water and Sewer Revenue Bonds, Series 1999B, payable in annual installments of \$65,625 to \$82,188 through 2039, interest at 4.375%. Collateralized by pledged revenue derived from the operation of the system.	\$ 1,328,000
\$2,014,000, Water and Sewer Revenue Bonds, Series 2009, payable in annual installments of \$22,000 to \$101,000 through 2049, interest at 4.375%. Collateralized by pledged revenue derived from the operation of the system.	2,014,000
\$1,618,000, Water and Sewer Revenue Bonds, Series 1999A, payable in annual installments of \$76,855 to \$90,085 through 2038, interest at 4.750%. Collateralized by pledged revenue derived from the operation of the system.	1,420,000
Total revenue bonds	\$ 4,762,000

**Compensated Absences**

All full time employees of the Board are entitled to an annual vacation and sick leave with pay. The employees are generally allowed to accumulate vacation leave of 240 hours. Upon termination the employee is paid 20% of accumulated sick leave if the employee has 10 years or more of service to the Board. Vacation pay and sick leave payments are included in operating costs when the payments are made to the employees. The estimated commitment for annual leave at September 30, 2010 was \$760,750.

Long-term landfill closure and post-closure liability – this obligation relates to long-term landfill post-closure costs. See also Note 16.

**NOTE 11 - RISK MANAGEMENT**

The Board is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees and/or the public; or damage to property of others; and natural disasters for which the Board carries commercial insurance. Insurance against losses are provided for the following types of risk:

- Workers' compensation and employer's liability
- General and automobile liability
- Real and personal property damage
- Public officials' liability
- Accidental death and dismemberment

**Jackson County, Florida**  
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**NOTE 12 - EMPLOYEE BENEFITS**

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

The System 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. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Retirement coverage is employee noncontributory. The employer pays all contributions.

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

	10/01/09 Through <u>06/30/10</u>	<b>07/01/10 Through <b><u>09/30/10</u></b></b>
Regular employees	9.85%	10.77%
Senior management	13.12%	14.57%
Elected county officials' class	16.53%	18.64%
Special risk employees	20.92%	23.25%
DROP plan participants	10.91%	12.25%

Total payroll for the Board employees covered by the System was \$8,021,360 for the year ended September 30, 2010.

The Board's contributions to the Plan for the years ended September 30, 2010, 2009 and 2008 were \$1,080,012, \$1,075,217, and \$1,070,944 respectively, which equal the required contributions. For the year ended September 30, 2010, retirement contributions represent 13.46% of the County's total covered payroll.

Effective July 1, 1998, the Legislature established a Deferred Retirement Option Program (DROP). This program allows eligible employees to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed sixty months after electing to participate. Deferred monthly benefits are held in the Florida Retirement System Trust Fund and accrue interest.

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**NOTE 13 - GRANTS**

The Board 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, 2010, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the Board'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 Board expects such amounts, if any, to be immaterial.

**NOTE 14 - FUND EQUITY**

Reservations of equity indicate the portion of the fund balance that are not available for appropriation or which are legally restricted for specific future uses. The purpose for each is indicated as follows:

<b>Governmental Activities</b>	<b>Purpose</b>		
General fund	Funding for:		
	Landfill closure	\$	94,846
	Technology escrow		100,047
	Sick leave buyback program		269,719
Special Revenue funds			
	Debt service		100,245
	Sick leave buyback program		217,646
	Other purposes		1,205,083
Total		\$	1,987,586

<b>Business-Type Activities</b>	<b>Purpose</b>		
Jackson Water/Sewer System	Funding for:		
	Debt service	\$	252,101
	Other purposes		473,200
Total		\$	725,301

**NOTE 15 - LITIGATION AND CONTINGENT LIABILITIES**

The Board 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 Board's financial position.

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**NOTE 16 - LANDFILL CLOSURE/LONG-TERM CARE ESCROW**

The Board maintains a landfill management escrow account, as required by law, to ensure the availability of financial resources for closing the landfill. The Board records the landfill closure/long-term care escrow as a reserved portion of the general fund's fund balance. The escrow balance at September 30, 2010, was \$94,846.

The Board has adopted GASB Statement No. 18, which requires recognition of landfill post-closure care costs in the Board's long-term debt. State and federal laws and regulations require the County to perform certain maintenance and monitoring functions after closure. At September 30, 2010, the amount of \$292,161 in long-term debt recognizes the remaining year of long-term care period. The above estimate is based on current prices, actual costs may be higher due to inflation, changes in technology, or changes in regulations. See Note 17 for additional disclosures about the potential additional liability due to contamination at the East Landfill.

**NOTE 17 - COMMITMENTS AND CONTINGENCIES**

**Contractual Commitments**

At September 30, 2010, the Board had contractual commitments for construction projects, equipment purchases and leases in excess of amounts recognized in the financial statements.

Balances remaining on uncompleted construction contracts at September 30, 2010:

Hill Farm Road	\$ 44,479
College Drive	\$ 315,897
Sylvania Plantation	\$ 1,801,830
Project Springs Utilities	\$ 22,000
Paving 08-09 – Jones Construction	\$ 99,559
Fillmore Road	\$ 301,164
Water/Wastewater Improvements	\$ 60,375
Old Spanish Trail Sidewalk	\$ 128,985

**Workers Compensation Cases**

There are two workers compensation cases outstanding at year end that are associated with the Governmental Risk Insurance Trust (GRIT). The future medical costs of these claims are estimated to be \$204,125 and \$93,350 over ten years.

**Jackson County, Florida**  
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**Notes to Special-Purpose Financial Statements**

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**NOTE 17 - COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Jackson County East Landfill—Remedial Action Plan**

Jones Edmunds & Associates have been working with the County and the Florida Department of Environmental Protection (FDEP) to remediate contamination detected in the groundwater at the Jackson County East Landfill. The contamination is most likely caused by migrating landfill gas in contact with the groundwater. The County, FDEP, and Jones Edmunds had a meeting on May 4, 2011 to discuss the status of the site, the groundwater remediation, and renewing the long-term care permit for the landfill. At the meeting, FDEP agreed that landfill gas migration at the landfill is a problem and that the landfill gas extraction system proposed by Jones Edmunds and approved by the County should be installed. The proposed landfill gas extraction system will be authorized for installation by FDEP in the forthcoming long-term care permit renewal. At the meeting FDEP requested the following:

- Prepare an updated site survey that includes topographic contours across the site, the location of all monitoring devices, the elevation of all groundwater monitoring wells, and the estimated extent of buried waste to be included in the permit renewal.
  - The estimated cost for the site survey is \$10,500.
- Due to discrepancies in measured and reported groundwater monitoring well depths it appears that some site wells are damaged. The FDEP is requiring the replacement of the 6 site detection monitoring wells at a schedule of 2 wells per year for the next 3 years.
  - The estimated cost to replace the wells is \$20,000 per year.
- Installation of the landfill gas extraction based groundwater remediation system after issuance of the new permit.
  - The estimated cost is to install the remediation system is \$130,000.

**Emergency Management Center**

There is a potential impairment in the value of the Emergency Management Center Building due to construction or design defects therein related to the accumulation of moisture and mold. There are issues related to the correction of defects in the construction, and responsibilities for those costs have not yet been allocated between the design professional and the general contractor. Mediation is scheduled for the resolution of the latter issue. At this time, there appears to be no indication that the Board will have any cost in the remediation or correction of the construction or design defects.

**NOTE 18 - RECLASSIFICATION**

Certain 2009 amounts have been reclassified to conform with 2010 classifications. Such reclassification had no effect on reported net income.

**Jackson County, Florida**  
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**Notes to Special-Purpose Financial Statements**

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**NOTE 19 - 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 has entered into contracts for various construction projects totaling in excess of \$8.6 million.

**Jackson County Gas Tax Revenue Bonds – Series 2010**

Subsequent to year end, the Board received the final draw on the \$10,080,000 for roadway improvements. On December 15, 2010, \$9,557,000 was remitted to Jackson County. Several construction contracts that utilize these funds are underway.

**Jackson County Lewis Building Purchase**

On October 6, 2010, the Board purchased the “Lewis Building”. This building is adjacent to the Jackson County Board of County Commissioners Administration Building. The building was purchased for \$203,400.

**Jackson County Dirt Pit**

On December 23, 2010, the Board purchased 137.715 acres for use as a dirt pit for the Road and Bridge Department. The land was purchased for \$251,251.

**NOTE 20 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION**

The Board’s post employment benefits other than pension activity is reported in the statement of net assets in the County’s financial statements.

**Plan Description** – The Jackson County Board of County Commissioners (the “Board”) administers a single-employer defined benefit healthcare plan (the “Plan”). In accordance with Section 112.0801 of the Florida Statutes, because Jackson County provides a medical plan to active employees of the County and their eligible dependents, the Board is also required to provide retirees with the opportunity to participate in this Plan. The Plan provides healthcare benefits including medical coverage and life insurance coverage to both active and eligible retired 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 Board and the Constitutional officers. For regular, senior management service and elected officials, participants are eligible for normal retirement upon attaining the earlier of 1) six years of service and age 62 or 2) 30 years of service regardless of age. For Special Risk, participants are eligible for normal retirement upon attaining the earlier of 1) six years of special risk service and age 55 or 2) 25 total years of service consisting both of special risk service up to four years of military service and age 52 or 3) 25 total years of special risk service, regardless of age or 4) 30 years of any credible service, regardless of age.

**Jackson County, Florida**  
**Board of County Commissioners**  
**Notes to Special-Purpose Financial Statements**

**NOTE 20 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)**

**Benefits Provided** – The Board provides post-employment healthcare and life insurance to its retirees. Health benefits are provided through the Board’s healthcare provided, Blue Cross Blue Shield of Florida (BCBSFL). The benefit levels are the same as those afforded to active employees. Health benefits include inpatient and outpatient medical services and prescriptions. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the County’s plan becomes secondary.

**Membership** – At September 30, 2010, there were no terminated employees entitled to benefits but not yet receiving them. The membership of the Plan consisted of:

Active employees	327
Retirees and beneficiaries currently receiving benefits	33
<u>Total membership</u>	<u>360</u>
<u>Participating employers</u>	<u>1</u>

**Funding Policy** – A qualifying trust or agency fund has not been authorized by the Board. The Board negotiates the premium rates with BCBSFL. 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 2010 was \$112,507. The Board contributes the remainder to cover the costs of providing the benefits to the retirees.

**Annual OPEB and Net OPEB Obligation** – The Board’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 closed period not to exceed 15 years. The following shows the components of the Board’s net OPEB obligation:

September 30,	2010
Annual required contribution	\$ 321,000
Interest on prior year net OPEB obligation	9,000
Adjustments to annual required contribution	(17,000)
Annual OPEB costs	313,000
Estimated employer contribution made	(112,000)
Increase (decrease) in net OPEB obligation	201,000
Net OPEB obligation, beginning of year	233,000
<u>Estimated net OPEB obligation, end of year</u>	<u>\$ 434,000</u>

**Jackson County, Florida  
Board of County Commissioners  
Notes to Special-Purpose Financial Statements**

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**NOTE 20 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)**

**Funded Status and Funding Progress** – As of September 30, 2010, the actuarial accrued liability of \$2,317,000 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, presented as required supplementary information following the notes to the financial statements in the government-wide financial statements of Jackson County, Florida, 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.

**Actuarial Method and Assumptions** – The valuation dated October 1, 2008, for the fiscal date of October 1, 2009 to September 30, 2010, was prepared using generally accepted accrual principles and practices, and relied on unaudited census data and medical claims data reported by the Board. 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.

In the September 30, 2010 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumption included a 4.0% investment rate of return. The Unfunded Actuarial Accrued Liability (UAAL) is being amortized over 15 years assuming 5 annual level payments. The remaining amortization period is at September 30, 2010 was 13 years.

## **Supplementary Information**

**Jackson County, Florida**  
**Board of County Commissioners**  
**Combining Special-Purpose Balance Sheet**  
**Nonmajor Governmental Funds**

September 30, 2010

	Special Revenue Funds						
	Utility Fee Fund	E911	Local Housing Assistance Trust (SHIP)	Courthouse Facility Fund	Jackson County Tourist Development Tax	CDBG OONR	Emergency Operations Center
<b>Assets</b>							
Cash and cash equivalents	\$ 1,295,479	\$ 128,759	\$ 472,271	\$ 997,106	\$ 1,125,887	\$ 286	\$ 28,841
Restricted cash and cash equivalents	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Due from other funds	159,723	-	-	-	-	-	-
Due from other governmental units	556,962	33,412	-	24,772	47,587	306,604	-
Prepaid expenses	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2,012,164</b>	<b>\$ 162,171</b>	<b>\$ 472,271</b>	<b>\$ 1,021,878</b>	<b>\$ 1,173,474</b>	<b>\$ 306,890</b>	<b>\$ 28,841</b>
<b>Liabilities</b>							
Vouchers payable	\$ -	\$ 17,662	\$ 618	\$ -	\$ 1,359	\$ 160,737	\$ 2,329
Due to other funds	-	33,966	20	-	-	146,153	26,512
Due to other governmental units	-	-	-	-	-	-	-
Deferred revenue	-	13,898	471,633	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>65,526</b>	<b>472,271</b>	<b>-</b>	<b>1,359</b>	<b>306,890</b>	<b>28,841</b>
<b>Fund balances</b>							
Reserved for							
Debt service	-	-	-	-	-	-	-
Other purpose	-	-	-	-	-	-	-
Unreserved, reported in:							
Designated							
Special revenue funds	2,012,164	96,645	-	1,021,878	1,172,115	-	-
<b>Total fund balances</b>	<b>2,012,164</b>	<b>96,645</b>	<b>-</b>	<b>1,021,878</b>	<b>1,172,115</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,012,164</b>	<b>\$ 162,171</b>	<b>\$ 472,271</b>	<b>\$ 1,021,878</b>	<b>\$ 1,173,474</b>	<b>\$ 306,890</b>	<b>\$ 28,841</b>

**Jackson County, Florida**  
**Board of County Commissioners**  
**Combining Special-Purpose Balance Sheet**  
**Nonmajor Governmental Funds**

September 30, 2010

	Special Revenue Funds			Debt Service Funds			Total Non-Major Governmental Funds
	MSTU	Inmate Welfare Fund	Other Special Revenue Funds	Capital Improvement 2003 DS	EOC Debt Service	Other Debt Service	
<b>Assets</b>							
Cash and cash equivalents	\$ 150,394	\$ 271,749	\$ 2,021,610	\$ -	\$ 51,099	\$ 24	\$ 6,543,505
Restricted cash and cash equivalents	-	-	-	-	7,766	201,079	208,845
Accounts receivable	121,233	9,202	27,538	-	-	-	157,973
Due from other funds	-	-	34,694	-	-	-	194,417
Due from other governmental units	-	-	80,380	-	-	-	1,049,717
Prepaid expenses	-	-	13	-	-	-	13
<b>Total assets</b>	<b>\$ 271,627</b>	<b>\$ 280,951</b>	<b>\$ 2,164,235</b>	<b>\$ -</b>	<b>\$ 58,865</b>	<b>\$ 201,103</b>	<b>\$ 8,154,470</b>
<b>Liabilities</b>							
Vouchers payable	\$ -	\$ -	\$ 177,889	\$ -	\$ -	\$ -	\$ 360,594
Due to other funds	-	-	194,130	-	58,865	100,858	560,504
Due to other governmental units	-	3,790	-	-	-	-	3,790
Deferred revenue	-	-	109,975	-	-	-	595,506
<b>Total liabilities</b>	<b>-</b>	<b>3,790</b>	<b>481,994</b>	<b>-</b>	<b>58,865</b>	<b>100,858</b>	<b>1,520,394</b>
<b>Fund balances</b>							
Reserved for							
Debt service	-	-	-	-	-	100,245	100,245
Other purpose	-	277,161	927,922	-	-	-	1,205,083
Unreserved, reported in:							
Designated							
Special revenue funds	271,627	-	754,319	-	-	-	5,328,748
<b>Total fund balances</b>	<b>271,627</b>	<b>277,161</b>	<b>1,682,241</b>	<b>-</b>	<b>-</b>	<b>100,245</b>	<b>6,634,076</b>
<b>Total liabilities and fund balances</b>	<b>\$ 271,627</b>	<b>\$ 280,951</b>	<b>\$ 2,164,235</b>	<b>\$ -</b>	<b>\$ 58,865</b>	<b>\$ 201,103</b>	<b>\$ 8,154,470</b>

Jackson County, Florida  
Board of County Commissioners

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

For the year ended September 30, 2010

	Special Revenue Funds						
	Utility Fee	E911	Local Housing Assistance Trust (SHIP)	Courthouse Facility Fund	Jackson County Tourist Development Tax	CDBG OONR	Emergency Operations Center
<b>Revenues</b>							
Taxes	\$ 3,158,920	\$ -	\$ -	\$ -	\$ 253,072	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	215,156	-	294,861	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Grants	-	24,790	27,433	-	-	512,628	-
Investment earnings	3,762	2,090	968	424	7,811	-	-
Other fees and miscellaneous revenues	-	-	7,788	-	-	-	-
<b>Total revenues</b>	<b>3,162,682</b>	<b>242,036</b>	<b>36,189</b>	<b>295,285</b>	<b>260,883</b>	<b>512,628</b>	<b>-</b>
<b>Expenditures</b>							
Current:							
General government	-	-	-	-	-	-	-
Public health and safety	-	259,377	-	-	-	-	23,406
Physical environment	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	512,628	-
Economic environment	-	-	36,787	-	179,235	-	-
Human services	-	-	-	-	-	-	-
Culture/recreation	-	-	-	-	-	-	-
Court related	-	-	-	3,150	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service							
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>259,377</b>	<b>36,787</b>	<b>3,150</b>	<b>179,235</b>	<b>512,628</b>	<b>23,406</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>3,162,682</b>	<b>(17,341)</b>	<b>(598)</b>	<b>292,135</b>	<b>81,648</b>	<b>-</b>	<b>(23,406)</b>
<b>Other financing sources (uses)</b>							
Transfers in	-	18,034	598	-	-	-	8,899
Transfers out	(3,192,835)	-	-	-	-	-	-
Installment loan proceeds	-	-	-	-	-	-	-
<b>Net other financing sources (uses)</b>	<b>(3,192,835)</b>	<b>18,034</b>	<b>598</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,899</b>
<b>Net change in fund balances</b>	<b>(30,153)</b>	<b>693</b>	<b>-</b>	<b>292,135</b>	<b>81,648</b>	<b>-</b>	<b>(14,507)</b>
<b>Fund balances - beginning</b>	<b>2,042,317</b>	<b>95,952</b>	<b>-</b>	<b>729,743</b>	<b>1,090,467</b>	<b>-</b>	<b>14,507</b>
<b>Fund balances - ending</b>	<b>\$ 2,012,164</b>	<b>\$ 96,645</b>	<b>\$ -</b>	<b>\$ 1,021,878</b>	<b>\$ 1,172,115</b>	<b>\$ -</b>	<b>\$ -</b>

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

*For the year ended September 30, 2010*

	Special Revenue Funds			Debt Service Funds			Total Non-Major Governmental Funds
	MSTU	Inmate Welfare Fund	Other Special Revenue Funds	Capital Improvement 2003 DS	EOC Debt Service	Other Debt Service Funds	
<b>Revenues</b>							
Taxes	\$ 788,922	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,200,914
Intergovernmental	12,500	-	10,976	-	-	-	23,476
Charges for services	-	111,519	216,023	-	-	-	837,559
Fines and forfeitures	-	-	93,119	-	-	-	93,119
Grants	-	-	529,561	-	-	-	1,094,412
Investment earnings	1,132	312	5,661	2	14	958	23,134
Other fees and miscellaneous revenues	-	7,406	161,333	-	-	-	176,527
<b>Total revenues</b>	<b>802,554</b>	<b>119,237</b>	<b>1,016,673</b>	<b>2</b>	<b>14</b>	<b>958</b>	<b>6,449,141</b>
<b>Expenditures</b>							
Current:							
General government	142,169	-	80,610	-	-	3	222,782
Public health and safety	92,831	153,248	249,386	-	-	-	778,248
Physical environment	-	-	82,159	-	-	-	82,159
Transportation	173,677	-	59,827	-	-	-	746,132
Economic environment	-	-	83,324	-	-	-	299,346
Human services	-	-	26,675	-	-	-	26,675
Culture/recreation	238,353	-	351,653	-	-	-	590,006
Court related	-	-	113,962	-	-	-	117,112
Capital outlay	-	-	58,442	-	-	-	58,442
Debt service							
Principal	-	-	-	417,000	615,000	1,395,000	2,427,000
Interest and other charges	-	-	-	2,415	22,639	52,399	77,453
<b>Total expenditures</b>	<b>647,030</b>	<b>153,248</b>	<b>1,106,038</b>	<b>419,415</b>	<b>637,639</b>	<b>1,447,402</b>	<b>5,425,355</b>
Excess (deficiency) of revenues over (under) expenditures	155,524	(34,011)	(89,365)	(419,413)	(637,625)	(1,446,444)	1,023,786
<b>Other financing sources (uses)</b>							
Transfers in	-	-	213,782	419,413	623,587	1,438,326	2,722,639
Transfers out	-	(46,867)	(138,774)	-	-	-	(3,378,476)
Installment loan proceeds	-	-	503,000	-	-	-	503,000
<b>Net other financing sources (uses)</b>	<b>-</b>	<b>(46,867)</b>	<b>578,008</b>	<b>419,413</b>	<b>623,587</b>	<b>1,438,326</b>	<b>(152,837)</b>
<b>Net change in fund balances</b>	<b>155,524</b>	<b>(80,878)</b>	<b>488,643</b>	<b>-</b>	<b>(14,038)</b>	<b>(8,118)</b>	<b>870,949</b>
<b>Fund balances - beginning</b>	<b>116,103</b>	<b>358,039</b>	<b>1,193,598</b>	<b>-</b>	<b>14,038</b>	<b>108,363</b>	<b>5,763,127</b>
<b>Fund balances - ending</b>	<b>\$ 271,627</b>	<b>\$ 277,161</b>	<b>\$ 1,682,241</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 100,245</b>	<b>\$ 6,634,076</b>



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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  
of Jackson County, Florida  
Marianna, Florida

We have audited the financial statements of the Jackson County, Florida, Board of County Commissioners (the Board) as of and for the year ended September 30, 2010, and have issued our report thereon dated June 23, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weakness. We considered the deficiencies described in the Summary Schedule of Prior Audit Findings as 08-04 to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Honorable Board of County Commissioners  
of Jackson County, Florida  
Marianna, Florida

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Board'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 Board in a separate letter dated June 23, 2011.

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

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

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

June 23, 2011



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM AND STATE FINANCIAL  
ASSISTANCE PROJECT AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133 AND CHAPTER 10.550, RULES OF THE  
AUDITOR GENERAL**

To the Honorable Board of County Commissioners  
of Jackson County, Florida  
Marianna, Florida

**Compliance**

We have audited the compliance of Jackson County, Florida, Board of County Commissioners (the Board) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2010. The Board's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state projects is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, State of Florida Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2010.

To the Honorable Board of County Commissioners  
of Jackson County, Florida  
Marianna, Florida

### **Internal Control Over Compliance**

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General but not for the purpose of expressing an opinion on the effectiveness of internal control compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

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

June 23, 2011

**Jackson County, Florida**  
**Board of County Commissioners**  
**Schedule of Expenditures of Federal Awards and**  
**State Financial Assistance**

*For the year ended September 30, 2010*

Federal Agency Pass through entity Federal Award Programs	CFDA Number	Contract/Grant Number	Expenditures
<b>United States Department of Homeland Security</b>			
<b>Florida Department of Community Affairs</b>			
NW FL Flooding	97.036	09-SS-E8-02-42-13-519	\$ 46,138
Homeland Security FY 08-09-CERT	97.067	09-CI-49-02-41-01-250	3,994
Homeland Security	97.067	08-DS-60-02-41-01-256	12,228
Homeland Security	97.067	09-DS-51-02-41-01-355	8,000
Homeland Security	97.067	10-DS-39-02-41-01-329	13,000
Emergency Management Performance Grant FY 09-10	97.042	09-BG-20-02-41-01-095	16,978
<b>Total United States Department of Homeland Security</b>			<b>100,338</b>
<b>United States Department of Housing and Urban Development</b>			
<b>Florida Department of Community Affairs</b>			
<b>Community Development Block Grants/State's Program</b>			
Economic Development-Springs	14.228	09-DB-T3-02-41-01-E07	512,628
<b>Total United States Department of Housing and Urban Development</b>			<b>512,628</b>
<b>United States Department of Health and Human Services</b>			
<b>Florida Department of Community Affairs</b>			
Weatherization/ Low-Income Home Energy Assistance	93.568	09LH-7K-02-41-01-012	64,042
<b>Chipola Regional Workforce Development Board, Inc.</b>			
ARRA-Emergency Contingency Fund for Temporary Assistance For Needy Families	93.714	2010.47 - Board	18,157
<b>Total United States Department of Health and Human Services</b>			<b>82,199</b>
<b>United States Department of Energy</b>			
<b>Florida Department of Community Affairs</b>			
<b>Weatherization Assistance For Low-Income Persons</b>			
Weatherization Assistance	81.042	09WX-7W-02-41-01-012	19,819
<b>Total United States Department of Energy</b>			<b>19,819</b>
<b>United States Department of Agriculture</b>			
Wastewater Improvements	10.760	n/a	918,659
<b>Florida Department of Agriculture &amp; Consumer</b>			
Natural Resources Conversation Service	10.904	JACMS 09-11	63,525
<b>Total United States Department of Agriculture</b>			<b>982,184</b>
<b>United States Department of Justice</b>			
<b>Florida Department of Law enforcement</b>			
<b>Byrne Formal Grant Program</b>			
American Recovery Act-JAG Countywide	16.803	2010-ARRC-JACK-1-W7-010	240,696
Anti-Drug Abuse Act Funds	16.738	2010-JAGC-JACK-1-4X-196	59,989
<b>Total United States Department of Justice</b>			<b>300,685</b>
<b>United States Federal Highway Administration</b>			
<b>Florida Department of Transportation</b>			
<b>Highway Planning and Construction</b>			
ARRA-Old Spanish Trail Sidewalks	20.205	APU19	179,224
ARRA-River Forest Road Sidewalks	20.205	APK93	42,023
ARRA-S.R. 166 (Caverns Road) Sidewalks	20.205	APK96	496,479
ARRA-US 90 Sidewalks	20.205	APK92	213,676
LAP-Blueberry Road	20.205	APV65	199,900
<b>Total United States Federal Highway Administration</b>			<b>1,131,302</b>
<b>United States Federal Elections Administration</b>			
<b>Florida Department of State</b>			
<b>Division of Elections</b>			
Federal Election Activities	90.xxx	n/a	1,589
<b>Total United States Federal Elections Administration</b>			<b>1,589</b>
<b>Total expenditures of Federal Awards Programs</b>			<b>\$ 3,130,744</b>

**Jackson County, Florida**  
**Board of County Commissioners**  
**Schedule of Expenditures of Federal Awards and**  
**State Financial Assistance, *continued***

*For the year ended September 30, 2010*

Federal/State Agency Pass-Through Entity State Financial Assistance Projects	CSFA Number	Grant/ Contract Number	Expenditures
<b>Florida Department of Transportation</b>			
<b>Public Transit Service Development Program</b>			
Small County Road Assistance Program (SCRAP)	55.016	APM96	\$ 807,820
Small County Road Assistance Program (SCRAP)	55.016	APM97	963,983
County Incentive Grant Program (CIGP)	55.008	09CIGP	93,738
Small County Outreach Program	55.009	AOZ85	192,601
Small County Outreach Program	55.009	AOZ86	503,554
<b>Total Florida Department of Transportation</b>			<b>2,561,696</b>
<b>Florida Department of Community Affairs</b>			
<b>Emergency Management Programs</b>			
NW FL Flooding	52.xxx	09SS-E8-02-42-13-519	7,690
Emergency Management Assistance	52.008	09-BG-03-02-41-01-145	103,699
Hazardous Materials Grant	52.023	09-CP-04-02-41-01-041	3,372
<b>Total Florida Department of Community Affairs</b>			<b>114,761</b>
<b>Florida Housing Finance Corporation</b>			
<b>State Housing Initiatives Partnership Program (SHIP)</b>			
State Housing Initiatives Partnership Program (SHIP)	52.901	n/a	27,433
<b>Total Florida Housing Finance Corporation</b>			<b>27,433</b>
<b>Florida Department of Environmental Protection</b>			
<b>Small County Grants</b>			
Small County Solid Waste Grant	37.012	SC918	78,787
<b>Total Florida Department of Environmental Protection</b>			<b>78,787</b>
<b>Florida Department of State</b>			
<b>Division of Library and Information Services:</b>			
Library Resources	45.030	08-ST-65	194,046
<b>Total Florida Department of State</b>			<b>194,046</b>

**Jackson County, Florida**  
**Board of County Commissioners**  
**Schedule of Expenditures of Federal Awards and**  
**State Financial Assistance, *continued***

*For the year ended September 30, 2010*

Federal/State Agency Pass-Through Entity State Financial Assistance Projects	CSFA Number	Grant/ Contract Number	Expenditures
<b>Florida Department of Health</b>			
County Grant Awards	64.005	C8032	22,166
<b>Total Florida Department of Health</b>			<b>22,166</b>
<b>Florida Department of Management Services</b>			
E911 Maintenance Grant	72.001	09-03-6	18,341
E911 New Recording System	72.001	09-03-12	2,939
E911 Training-Conference	72.001	09-13-18	3,510
<b>Total Florida Department of Management Services</b>			<b>24,790</b>
<b>Florida State Court System</b>			
County Article V Trust Fund			
Courthouse Facilities	22.004	n/a	7,207
<b>Total Florida State Court System</b>			<b>7,207</b>
<b>Florida Department of Agriculture &amp; Consumer Services</b>			
Brush Truck - 50/50 Grant		n/a	11,006
Mosquito Control	42.003	014141	26,652
<b>Total Florida Department of Agriculture &amp; Consumer Services</b>			<b>37,658</b>
<b>Total expenditures of State Financial Assistance Projects</b>			<b>\$ 3,068,544</b>

**Jackson County, Florida  
Board of County Commissioners  
Notes to Schedule of Expenditures of Federal Award Programs  
and State Financial Assistance Projects  
For the year ended September 30, 2010**

---

**NOTE 1 - BASIS OF ACCOUNTING**

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

**NOTE 2 - REPORTING ENTITY**

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

**NOTE 3 - PASS-THROUGH AWARDS**

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

**Jackson County, Florida  
Board of County Commissioners  
Schedule of Findings and Questioned Costs  
For the year ended September 30, 2010**

---

**A. SUMMARY OF AUDIT RESULTS**

1. The Independent Auditors' Report expresses an unqualified opinion on the financial statements of Jackson County, Florida, Board of County Commissioners (the Board).
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*." No instances of material weakness to the financial statements of the County were disclosed during the audit.
3. We noted no instances of noncompliance material to the financial statements of the Board during the audit.
4. No significant deficiencies relating to the audit of the major federal award program and state financial assistance projects are reported in the Independent Auditors' Report on Compliance and Internal Control Over Compliance Applicable to Each Major Program.
5. The Independent Auditors' Report on Compliance and Internal Control over Compliance Applicable to each major federal award programs and state financial assistance projects for the Board expresses an unqualified opinion.
6. There are no audit findings relative to the major federal award programs and state financial assistance projects for the Board are reported in this schedule.
7. The programs/projects tested as major programs/projects included the following:

<b>Federal Programs</b>	<b>CFDA No.</b>
U.S. Department of Transportation Federal Highway Administration, Highway Planning and Construction	20.205
U.S. Department of Housing and Urban Development Community Development Block Grants	14.228
U.S. Department of Agriculture Rural Development Water and Waste Disposal Systems	10.760
<b>State Projects</b>	<b>CSFA No.</b>
Florida Department of Transportation Small County Road Assistance Program	55.016
Small County Outreach Program	55.009

**Jackson County, Florida  
Board of County Commissioners  
Schedule of Findings and Questioned Costs  
For the year ended September 30, 2010**

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**A. SUMMARY OF AUDIT RESULTS (CONTINUED)**

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

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

There were no current year audit findings.

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

There were no current year audit findings.

**Jackson County, Florida  
Board of County Commissioners  
Summary Schedule of Prior Audit Findings  
For the year ended September 30, 2010**

---

**PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS**

**MAJOR FEDERAL AWARD PROGRAMS AND STATE PROJECTS**

**QUESTIONED COST, INCOMPLETE DOCUMENTATION, FINDING 08-01 - RESOLVED**

	<b>Questioned Cost</b>
<b>Florida Housing Finance Corporation, SHIP, CSFA 52.901</b>	
COMMENT: The County performed rehabilitation work on a home for which the tenant did not qualify for SHIP funds because he did not own the home. This resulted in Questioned Costs of \$44,251. Also, liens were not filed on this property and others, thereby potentially eliminating the County's claim against default.	<b>\$44,251</b>
RECOMMENDATION: We recommend all files be reviewed to ascertain each applicant is eligible to receive funding and that liens be filed timely.	
Total – Florida Housing Finance Corporation, SHIP, CSFA 52.901	<b><u>\$44,251</u></b>

STATUS: RESOLVED

**INCOMPLETE DOCUMENTATION, FINDING 08-02 - RESOLVED**

**Florida Housing Finance Corporation, SHIP, CSFA 52.901**

**COMMENT:** The SHIP program has an established cap of \$30,000 for rehabilitation work on qualified applicant's home. Any cost overruns must have Board approval prior to performing such work. We noted several instances in which the total cost of the rehab work exceeded the \$30,000 and no Board approval was documented in the applicants file.

RECOMMENDATION: We recommend management request Board approval for cost exceeding the established cap and that documentation be maintained in the applicant's file.

STATUS: RESOLVED

**Jackson County, Florida  
Board of County Commissioners  
Summary Schedule of Prior Audit Findings  
For the year ended September 30, 2010**

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**PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**MAJOR FEDERAL AWARD PROGRAMS AND STATE PROJECTS (CONTINUED)**

**PROCUREMENT PRACTICES, FINDING 08-03 - RESOLVED**

**Florida Housing Finance Corporation, SHIP, CSFA 52.901**

**COMMENT:** The County currently uses an outside contractor to access SHIP projects and prepare a listing of work to be done and an estimate of the cost. The agreement the County has with this contractor states that the contractor has the discretion to complete all work considered emergency and bill the County SHIP program accordingly. We noted the contractor is the one that determines if the work is emergency in nature. We also noted the contract with the contractor has not been updated for several years.

**RECOMMENDATION:** We recommend the County review the existing contract and make needed changes to ascertain proper procurement practices are followed.

**STATUS:** The County is currently working to resolve this finding. Subsequent to year end, the County made updates to its policies to address what is considered emergency and to involve the building department in assessment.

**INCOMPLETE DOCUMENTATION, FINDING 07-05 - RESOLVED**

**Florida Housing Finance Corporation, SHIP, CSFA 52.901**

**COMMENT:** We noted several applicant files with incomplete or missing documentation to include dating of documents, bank verification, income verification, and recorded liens, as stipulated in the County's Local Housing Assistance Plan as required under Florida Administrative Code 67-37.005, as well as the uses and restrictions found under Florida Administrative Code 67-37.007. Failure to complete documentation could result in the County processing and accepting ineligible applicants. Similar findings were noted by the funding agency during their review of the County.

**RECOMMENDATION:** We recommend that the County review each applicant file to ensure documentation is complete prior to approving release of funds.

**STATUS:** RESOLVED

**Jackson County, Florida  
Board of County Commissioners  
Summary Schedule of Prior Audit Findings  
For the year ended September 30, 2010**

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**PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**FINANCIAL STATEMENT AUDIT**

**CAPITAL ASSET RECORDS, FINDING 08-04 – NOT RESOLVED**

**COMMENT:** The County does not have all land owned properly recorded in the fixed assets. Some of the land was acquired many years ago and some was donated from other various entities. The County can not ascertain completeness of assets if all land is not properly recorded in fixed assets.

**RECOMMENDATION:** We recommend all land be added to the fixed asset listing.

**STATUS:** The County is currently working to resolve this finding.



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## INDEPENDENT AUDITORS' MANAGEMENT LETTER COMMENTS

To the Honorable Board of County Commissioners  
of Jackson County, Florida  
Marianna, Florida

We have audited the accompanying financial statements of Jackson County, Florida, Board of County Commissioners (the "Board") as of and for the fiscal year ended September 30, 2010, and have issued our report thereon dated June 23, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*, Independent Auditors' Report on Compliance and Internal Control Over Compliance Applicable to Each Major Program and State Project, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated June 23, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report except as noted under the heading "Prior Year Findings and Recommendations."
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that Jackson County, Florida complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations that improve financial management. In connection with our audit, we did not have any such recommendations.

To the Honorable Board of County Commissioners  
of Jackson County, Florida  
Marianna, Florida

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material, but, more than inconsequential. In connection with our audit, we disclosed the following findings:

**COMMENT:** We noted that the Gas Tax Revenue Bonds, Series 2010, states that the County shall submit the County's audited financial statements for each fiscal year within 240 days following the end of such fiscal year. The County did not meet the stated requirement regarding submission of audited financial statements.

**RECOMMENDATION:** We recommend that audited financial statements be submitted according to the requirements of the bond resolution for the Gas Tax Revenue Bonds, Series 2010.

- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we disclosed the following findings:

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

**COMMENT:** We noted that the individual responsible for the receipt of payments in the Fire and Rescue Department also is responsible for the posting of payments and charges to the accounts receivable ledger. In addition, this individual also is responsible for the mailing of the statements.

**RECOMMENDATION:** We recommend that a better separation of duties be established.

**STATUS:** This item has not been corrected.

**COMMENT:** We noted that the Board has not adopted written policies and procedures governing the accounting or administration of its grant programs.

**RECOMMENDATION:** We recommend the adoption of written policies and procedures which would standardize grant administration among the various departments and ensure that all compliance requirements are addressed on a timely basis.

**STATUS:** This item has not been corrected.

**COMMENT:** It was noted that the Board does not have a policy covering travel reimbursement when an employee with a county vehicle elects to use their personal car for trips to allow their spouse to accompany them.

**RECOMMENDATION:** We recommend the Board develop a written policy that addresses the reimbursement of personal car use for Board travel when a Board automobile is available.

**STATUS:** This item has not been corrected.

To the Honorable Board of County Commissioners  
of Jackson County, Florida  
Marianna, Florida

**COMMENT:** It was noted that the Board does not have a written cell phone or internet usage policy.

**RECOMMENDATION:** We recommend the Board develop written cell phone and internet usage policies that address of personal use of Board assets.

**STATUS:** This item has not been corrected.

- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This item is disclosed in the notes to the Financial Statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Jackson County, Florida for the fiscal year ended September 30, 2010, 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, 2010. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of the Jackson County, Florida, Board of County Commissioners and management, and the State of Florida Auditor General and appropriate federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

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

June 23, 2011



# BOARD of COUNTY COMMISSIONERS

---

Phone (850) 482-9633  
Fax (850) 482-9643  
www.jacksoncountyfl.com

Administration Building  
2864 Madison Street  
Marianna, Florida 32448-4021

State of Florida  
Auditor General

We are in receipt of the audit report for the Board of County Commissioners, Jackson County, Florida, for the fiscal year ending September 30, 2010. We have reviewed the internal control and compliance letters, the schedule of findings and questioned costs and the management letter included in the report.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### PRIOR YEAR FINANCIAL STATEMENT AUDIT

#### CAPITAL ASSET RECORDS, FINDING 08-04

COMMENT: The County does not have all land owned properly recorded in the fixed assets. Some of the land was acquired many years ago and some was donated from other various entities. The County can no ascertain completeness of assets if all land is to properly recorded in fixed assets.

RESPONSE: The County will perform an extensive review of all land titled to the County to assure that all land is properly recorded on the fixed asset schedule.

## MANAGEMENT LETTER COMMENTS

### CURRENT YEAR FINDING

COMMENT: We noted that the Gas Tax Revenue Bonds, Series 2010 requires that the County shall submit the County's audited financial statements for each fiscal year within 240 days following the end of such fiscal year. The County did not meet the stated requirement regarding submission of audited financial statements.

RESPONSE: Staff will work to correct this finding by initiating the audit at an earlier date.

#### Commissioners

Dr. Willie E. Spires  
District 1

Edward E. Crutchfield  
District 2

Chuck Lockey  
District 3

Jeremy Branch  
District 4

Kenneth Stephens  
District 5

Ted Lakey, County Administrator

## PRIOR YEAR FINDINGS

COMMENT: We noted that the individual responsible for the receipt of payments in the Fire and Rescue Department is also responsible for the posting of payments and charges to the accounts receivable ledger. In addition, this individual is also responsible for the mailing of the statements.

RESPONSE: Currently, it is not feasible to properly separate the duties and functions of the Fire & Rescue Department. We will continue to monitor this situation to ensure all available controls are implemented.

COMMENT: We noted that the Board has not adopted written policies and procedures governing the accounting or administration of its grant programs.

RESPONSE: The County is in the process of developing policies and procedures for grant programs.

COMMENT: It was noted that the County doesn't have a policy covering travel reimbursement when an employee with a county vehicle elects to use their personal car for trips to allow their spouse to accompany them.

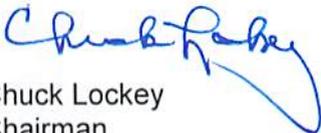
RESPONSE: The County is in the process of reviewing and revising the personnel policy to address the reimbursement of personal car use for travel in lieu of a County vehicle.

COMMENT: It was noted that the County doesn't have a written cell phone or internet usage policy.

RESPONSE: The County is in the process of reviewing and revising the personnel policy to address the personal use of County assets.

If additional information is required, please contact Daniele McDaniel, Finance Manager/Accountant at (850) 482-9634.

Sincerely,



Chuck Lockey  
Chairman

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

**Special-Purpose Financial Statements**

**September 30, 2010**

**Jackson County, Florida**  
**Clerk of the Circuit Court**  
**Table of Contents**  
**September 30, 2010**

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## INDEPENDENT AUDITORS' REPORT

The Honorable Dale Rabon Guthrie  
Clerk of Circuit Court of Jackson County, Florida  
Marianna, Florida

We have audited the accompanying special-purpose financial statements of the Jackson County, Florida, Clerk of the Circuit Court (the "Clerk") as of and for the year ended September 30, 2010, as listed in the table of contents. These special-purpose financial statements are the responsibility of management of the Clerk. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the Clerk's financial statements are special-purpose financial statements presenting only the financial position and results of operations of the Clerk. These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Jackson County, Florida, taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the *fund level* financial statements as defined in Governmental Accounting Standards Board Statement 34, and do not include presentations of *government-wide* financial statements of the Clerk.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and remaining fund information as well as the fiduciary fund type of the Clerk as of September 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable Dale Rabon Guthrie  
Clerk of the Circuit Court of Jackson County, Florida  
Marianna, Florida

In accordance with *Government Auditing Standards*, we have also issued a report dated April 1, 2011 on our consideration of the Clerk's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying information identified in the table of contents as a combining statement is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

April 1, 2011

## **Special-Purpose Financial Statements**

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

*September 30, 2010*

	<b>General Fund</b>	<b>Public Records Modernization Trust Fund</b>	<b>Total Governmental Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 165,240	\$ 85,183	\$ 250,423
Accounts receivable	9,722	245	9,967
<b>Total assets</b>	<b>\$ 174,962</b>	<b>\$ 85,428</b>	<b>\$ 260,390</b>
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$ 40,187	\$ -	\$ 40,187
Due to Board of County Commissioners	69,923	-	69,923
Deferred revenue	64,852	-	64,852
<b>Total liabilities</b>	<b>174,962</b>	<b>-</b>	<b>174,962</b>
<b>Fund balances</b>			
Reserved for other purposes	-	85,428	85,428
<b>Total liabilities and fund balances</b>	<b>\$ 174,962</b>	<b>\$ 85,428</b>	<b>\$ 260,390</b>

See accompanying notes to financial statements.

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

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

*For the year ended September 30, 2010*

	General Fund	Public Records Modernization Trust Fund	Total Governmental Funds
<b>Revenues</b>			
Intergovernmental	\$ 1,007,405	\$ -	\$ 1,007,405
Charges for services	195,624	141,077	336,701
Grants	101,582	-	101,582
<b>Total revenues</b>	<b>1,304,611</b>	<b>141,077</b>	<b>1,445,688</b>
<b>Expenditures</b>			
Current:			
General government	715,012	22,044	737,056
Court-related	1,007,405	72,413	1,079,818
<b>Total expenditures</b>	<b>1,722,417</b>	<b>94,457</b>	<b>1,816,874</b>
Excess (deficiency) of revenues over (under) expenditures	(417,806)	46,620	(371,186)
<b>Other financing sources (uses)</b>			
Transfers in	487,729	-	487,729
Transfers out	(69,923)	-	(69,923)
<b>Net other financing sources (uses)</b>	<b>417,806</b>	<b>-</b>	<b>417,806</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>46,620</b>	<b>46,620</b>
<b>Fund balances - beginning</b>	<b>-</b>	<b>38,808</b>	<b>38,808</b>
<b>Fund balances - ending</b>	<b>\$ -</b>	<b>\$ 85,428</b>	<b>\$ 85,428</b>

See accompanying notes to financial statements.

**Jackson 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, 2010*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental	\$ 1,023,059	\$ 1,023,059	\$ 1,007,405	\$ (15,654)
Charges for services	195,648	195,648	195,624	(24)
Grants	80,000	80,000	101,582	21,582
Total revenues	1,298,707	1,298,707	1,304,611	5,904
<b>Expenditures</b>				
Current				
General government	670,685	670,685	715,012	(44,327)
Court-related	1,023,059	1,023,059	1,007,405	15,654
Reserve for contingency	92,692	92,692	-	92,692
Total expenditures	1,786,436	1,786,436	1,722,417	64,019
Excess (deficiency) of revenues over (under) expenditures	(487,729)	(487,729)	(417,806)	69,923
<b>Other financing sources (uses)</b>				
Transfers in	487,729	487,729	487,729	-
Transfers out	-	-	(69,923)	(69,923)
Net other financing sources (uses)	487,729	487,729	417,806	(69,923)
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to financial statements.

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

*September 30, 2010*

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	<b>Agency Funds</b>
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 250,015
Accounts receivable	8
Due from other governmental units	173
<hr/>	
Total assets	\$ 250,196
<hr/>	
<b>Liabilities</b>	
Due to others	\$ 250,196
<hr/>	
Total liabilities	\$ 250,196
<hr/>	

See accompanying notes to financial statements.

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

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

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

**Reporting Entity**

The Jackson County Clerk of Circuit Court (Clerk) is an integral part of Jackson 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 Jackson 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. As of July 1, 2009, the Clerk receives appropriated funds from the State of Florida to fund court-related activities. The receipts from the State are recorded as intergovernmental revenue on the Clerk's financial statements. The Clerk's special-purpose financial statements do not purport to reflect the financial position or the results of operations of Jackson 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 Clerk'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 Clerk is reported as part of the primary government of Jackson County, Florida.

These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Jackson 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.

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

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

**Basis of Presentation**

These financial statements have been prepared in conformity with the accounting principles and reporting guidelines established by 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 accounting principles generally accepted (GAAP) in the United States.

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 Clerk. It is used to account for all financial resources, except for those required to be accounted for in another fund.

In addition, the Clerk has reported the following non-major governmental fund:

**Public Records Modernization Trust Fund** - The modernization trust fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The Clerk also reported the following fund type:

**Agency Funds** - Agency funds are custodial in nature and account for assets held in a trust capacity or as agent for individuals, other governmental units and/or other funds. Agency funds only report assets and liabilities and do not measure results of operations.

**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 or expenses are recognized in the accounts and reported in the special-purpose financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

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

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) and (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.

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.

**Capital Assets**

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 her office.

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

Furniture, machinery, and equipment	3-30 years
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**Jackson County, Florida**  
**Clerk of the Circuit Court**  
**Notes to Special-Purpose Financial Statements**

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

**Accumulated Compensated Absences**

Permanent full-time employees of the Clerk are entitled to accrue sick leave hours based on pay periods worked, with a limit on total hours accrued being 225 hours. Vacation time is earned depending on the length of employment. Upon separation from employment, employees can be paid for unused sick leave and annual leave in accordance with personnel policy.

The Clerk's accumulated compensated absences are reported in the statement of net assets in the County's financial statements.

**Reserves and Designations of Fund Equity**

Reserves indicate that portion of fund balance that is not available for appropriation or which is legally segregated for a specific future use. The description of each reserve indicates the purpose for which each was intended. Designated portions of fund equity represent management's tentative future spending plans. Such designations should be clearly distinguished from reserves, since managerial plans are subject to change and may never be legally authorized or result in actual expenditures.

**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.

**Risk Management**

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 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**

The Clerk has evaluated subsequent events through the date of the auditors' report.

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

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**NOTE 2 - DEPOSITS AND INVESTMENTS**

At September 30, 2010, the carrying amount of the Clerk's deposits was \$500,438 and the bank balance was \$251,889. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

The Clerk's investment practices are governed by Chapter 218.415 of the Florida Statutes. The Clerk is authorized to invest in certificates of deposit, money market certificates, obligations of the US Treasury, mutual funds and repurchase agreements collateralized by U.S. Government securities, and the Local Government Surplus Trust Fund. The Clerk did not have any investments at September 30, 2010.

**Credit Risk**

At September 30, 2010, the Clerk did not hold any investments.

**Interest Rate Risk**

At September 30, 2010, the Clerk did not hold any investments.

**Custodial Credit Risk**

As of September 30, 2010, the Clerk did not hold any deposits that were considered to have to custodial credit risk.

**Concentration of Credit Risk**

At September 30, 2010, the Clerk did not hold any investments.

**Jackson 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 assets in the County's financial statements.

Long-term liability activity for the year ended September 30, 2010, was as follows:

	<b>BEGINNING BALANCE</b>	<b>ADDITIONS</b>	<b>REDUCTIONS</b>	<b>ENDING BALANCE</b>	<b>DUE WITHIN ONE YEAR</b>
<b>Governmental activities:</b>					
Compensated absences	\$ 52,096	\$ -	\$ 7,640	\$ 44,456	\$ -
<b>Total</b>	<b>\$ 52,096</b>	<b>\$ -</b>	<b>\$ 7,640</b>	<b>\$ 44,456</b>	<b>\$ -</b>

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

**NOTE 4 - EMPLOYEE PENSION PLAN**

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

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. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Retirement coverage is employee noncontributory. The employer pays all contributions.

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

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

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

	<b>10/01/09 Through 06/30/10</b>	<b>07/01/10 Through 09/30/10</b>
Regular employees	9.85%	10.77%
Senior management	13.12%	14.57%
Elected county officials' class	16.53%	18.64%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2009 through September 30, 2010, the total payroll for all employees was \$1,258,351. The retirement contributions for all employees covered by the System for the years ended September 30, 2010, 2009 and 2008 were \$125,325, \$126,724 and \$120,217 which were the required contributions. For the year ended September 30, 2010 retirement contributions represented 9.96% of covered payroll.

**NOTE 5 - DEFERRED REVENUE**

During the year, the Clerk received funds from the State of Florida for court-related activities which are unearned until expended. As of September 30, 2010, the amounts received and unearned are in the amount of \$64,852.

**NOTE 6 - FUND EQUITY**

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

<b>Funds</b>	<b>Purpose</b>	
General Fund	Funding for:	
	Modernization of Public Records	\$ 12,636
	Court-related technology	28,565
	Court-related operational needs and program enhancements	44,227
	Total Reserved for other purposes	\$ 85,428

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

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**NOTE 7 - COOPERATIVE AGREEMENT**

The Clerk has a Cooperative Agreement with the Florida Department of Revenue. This agreement encompasses all the Clerk's child support functions. It allows for indirect cost reimbursement. The Clerk uses an established indirect cost rate to invoice the Department of Revenue each month. These amounts are federal funds received under CFDA #93.563. The net amount received was \$88,807.

**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 were recorded as a transfer out to the Board of County Commissioners in the amount of \$69,923 as of September 30, 2010.

Pursuant to Section 28.37(2), Florida Statutes, the Clerk of the Courts is required to remit all court-related fines, fees, service charges and costs to the Department of Revenue for deposit into the Clerks of the Court Trust Fund within the Justice Administrative Commission. Effective July 1, 2009, all fees, service charges, court costs, and fines collected are to be remitted to the Florida Department of Revenue (DOR) on a monthly basis and funding for the Clerk's court operations will be provided by the Justice Administrative Commission. One twelfth of the approved budget will be sent to the Clerk on a monthly basis. Excess revenue over expenditures at June 30<sup>th</sup> of each year will be sent to DOR. Excess court revenues for the period October 1, 2009 through June 30, 2010 totaled \$67,508 and were remitted to DOR as of August 5, 2010.

**NOTE 9 - LITIGATION AND CONTINGENT LIABILITIES**

The Clerk 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 on the Clerk's financial position.

## **Supplementary Information**

**Jackson County, Florida**  
**Clerk of the Circuit Court**  
**Combining Special-Purpose Statement of Fiduciary Net Assets**  
**Agency Funds**

*September 30, 2010*

	Fine and Forfeiture	Jury and Witness	Tax Deeds	Cash Bonds	Registry	Documentary Stamp Fund	Total
<b>Assets</b>							
Cash and cash equivalents	\$ 551	\$ 12,993	\$ 131,191	\$ 49,747	\$ 55,541	\$ (8)	\$ 250,015
Accounts receivable	-	-	-	-	-	8	8
Due from other governmental units	-	-	173	-	-	-	173
<b>Total assets</b>	<b>\$ 551</b>	<b>\$ 12,993</b>	<b>\$ 131,364</b>	<b>\$ 49,747</b>	<b>\$ 55,541</b>	<b>\$ -</b>	<b>\$ 250,196</b>
<b>Liabilities</b>							
Due to others	\$ 551	\$ 12,993	\$ 131,364	\$ 49,747	\$ 55,541	\$ -	\$ 250,196
<b>Total liabilities</b>	<b>\$ 551</b>	<b>\$ 12,993</b>	<b>\$ 131,364</b>	<b>\$ 49,747</b>	<b>\$ 55,541</b>	<b>\$ -</b>	<b>\$ 250,196</b>

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

The Honorable Dale Rabon Guthrie  
Clerk of the Circuit Court of Jackson County, Florida  
Marianna, Florida

We have audited the special-purpose financial statements of the Jackson County, Florida, Clerk of the Circuit Court (the "Clerk") as of and for the year ended September 30, 2010, and have issued our report thereon dated April 1, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Clerk's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

The Honorable Dale Rabon Guthrie  
Clerk of the Circuit Court of Jackson County, Florida  
Marianna, Florida

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Clerks' special-purpose 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*.

This report is intended solely for the information and use of the Jackson County, Florida, Clerk of the Circuit Court, the Board of County Commissioners, and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

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

April 1, 2011

## INDEPENDENT AUDITORS' MANAGEMENT LETTER

The Honorable Dale Rabon Guthrie  
Clerk of the Circuit Court of Jackson County, Florida  
Marianna, Florida

We have audited the accompanying financial statements of the Jackson County, Florida, Clerk of the Circuit Court (the Clerk), as of and for the year ended September 30, 2010, and have issued our report thereon dated April 1, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, which is dated April 1, 2011, and should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' report:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. No significant findings and recommendations were made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Jackson County, Florida, Clerk of the Circuit Court complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations that improve financial management. In connection with our audit, we did not have any such recommendations.

The Honorable Dale Rabon Guthrie  
Clerk of the Circuit Court of Jackson County, Florida  
Marianna, Florida

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but, more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the financial statement, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts or abuse (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Jackson 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 Jackson County, Florida, Clerk of the Circuit Court.
- Section 10.554(1)(i)8., Rules of the Auditor General, requires a statement as to whether or not the Clerk of Court complied with Section 28.35, Florida Statutes, regarding the budget and performance standards certified by the Florida Clerk of Courts Operations Corporation. In connection with our audit, we determined that the Clerk complied with the budget and performance standards pursuant to Section 28.35, Florida Statutes.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of the Jackson County, Florida, Clerk of the Circuit Court, the Board of County Commissioners, the Florida Auditor General and appropriate federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

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

April 1, 2011

**Jackson County, Florida  
Property Appraiser**

**Special-Purpose Financial Statements**

**September 30, 2010**

**Jackson County, Florida**  
**Property Appraiser**  
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**September 30, 2010**

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Sharon Cox  
Property Appraiser of Jackson County, Florida  
Marianna, Florida

We have audited the accompanying special-purpose financial statements of the Jackson County, Florida, Property Appraiser (the "Property Appraiser") as of and for the year ended September 30, 2010, as listed in the table of contents. These special-purpose financial statements are the responsibility of management of the Property Appraiser. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for purpose of expressing an opinion on the effectiveness of the Property Appraiser's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the Property Appraiser's financial statements are special-purpose financial statements presenting only the financial position and results of operations of the Property Appraiser. These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Jackson County, Florida, taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the *fund level* financial statements as defined in Governmental Accounting Standards Board Statement 34, and do not include presentations of *government-wide* financial statements of the Property Appraiser.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Property Appraiser as of September 30, 2010, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Honorable Sharon Cox  
Property Appraiser of Jackson County, Florida  
Marianna, Florida

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2011, 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* and should be read in conjunction with this report in considering the results of our audit.

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

Marianna, Florida  
August 19, 2011

## **Special-Purpose Financial Statements**

**Jackson County, Florida**  
**Property Appraiser**  
**Special-Purpose Balance Sheet**  
**Governmental Funds**

*September 30, 2010*

	<b>General Fund</b>
<b>Assets</b>	
Cash	\$ 40,221
<b>Total assets</b>	<b>\$ 40,221</b>
<b>Liabilities</b>	
Accounts payable and accrued expenses	\$ 20,039
Due to Board of County Commissioners	20,182
<b>Total liabilities</b>	<b>40,221</b>
<b>Fund balance</b>	<b>-</b>
<b>Total liabilities and fund balance</b>	<b>\$ 40,221</b>

See accompanying notes to financial statements.

**Jackson County, Florida**  
**Property Appraiser**  
**Special-Purpose Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance**  
**Governmental Funds**

*For the year ended September 30, 2010*

	<b>General Fund</b>
<b>Revenues</b>	
Charges for services	\$ 8,991
Investment earnings	140
<hr/>	
Total revenues	9,131
<hr/>	
<b>Expenditures</b>	
Current:	
General government	871,227
Capital Outlay	8,002
<hr/>	
Total expenditures	879,229
<hr/>	
Excess (deficiency) of revenues over (under) expenditures	(870,098)
<hr/>	
<b>Other financing sources (uses)</b>	
Transfers in	890,280
Transfers out	(20,182)
<hr/>	
Net other financing sources (uses)	870,098
<hr/>	
<b>Net change in fund balance</b>	-
<hr/>	
<b>Fund balance - beginning</b>	-
<hr/>	
<b>Fund balance - ending</b>	\$ -
<hr/> <hr/>	

See accompanying notes to financial statements.

**Jackson 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, 2010*

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
<b>Expenditures</b>				
Current:				
General government	\$ 873,569	\$ 888,280	\$ 862,096	\$ 26,184
Capital outlay	2,000	2,000	8,002	(6,002)
<b>Total expenditures</b>	<b>875,569</b>	<b>890,280</b>	<b>870,098</b>	<b>20,182</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(875,569)</b>	<b>(890,280)</b>	<b>(870,098)</b>	<b>20,182</b>
<b>Other financing sources (uses)</b>				
Transfer in	875,569	890,280	890,280	-
Transfer out	-	-	(20,182)	(20,182)
<b>Net other financing sources (uses)</b>	<b>875,569</b>	<b>890,280</b>	<b>870,098</b>	<b>(20,182)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to financial statements.

**Jackson 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.

**Reporting Entity**

The Jackson County Property Appraiser's office is an agency of Jackson County, Florida, which is a political subdivision of the State of Florida. The County was established on August 12, 1822, by the First Session of the Territorial Legislative Council. Jackson 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 Jackson County Property Appraiser's Office.

The Jackson County, Florida, Property Appraiser (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 Jackson 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 Jackson County, Florida.

These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Jackson 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 funded by the Board. The receipts from the Board are recorded as other financing sources on the Property Appraiser'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 after the end of the fiscal year.

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

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

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

**Measurement Focus**

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. The general fund is 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. General 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 the point at which revenues and expenditures are recognized in the accounts and reported in the general fund financial statements and 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.

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

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

**Budgetary Requirements**

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

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

	<b>Total Expenditures</b>	<b>Total Revenue</b>
GAAP basis	\$ 879,229	\$ 879,229
Non-budgeted revenues and expenditures:		
Revenues other than appropriations from the Board of County Commissioners and related expenditures	(9,131)	(9,131)
Budgetary basis	\$ 870,098	\$ 870,098

**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 governmental fund 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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**Jackson County, Florida**  
**Property Appraiser**  
**Notes to Special-Purpose Financial Statements**

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

**Accumulated Compensated Absences**

Permanent full-time employees of the Property Appraiser are entitled to accrue sick leave and vacation time related to the length of employment with the Property Appraiser's office. The vacation time must be taken during the calendar year earned. Upon separation from employment, employees can be paid for unused sick leave and annual leave 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.

**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 general accepted accounting principles 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**

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

**NOTE 2 - DEPOSITS AND INVESTMENTS**

At September 30, 2010, the carrying amount of the Property Appraiser's cash and cash equivalents was \$40,221 and the bank balance was \$55,065. 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 Act. Provisions of the Act require that public deposit 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.

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

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

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 Supervisor of Elections 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, 2010, the Property Appraiser did not hold any deposits or investments that were considered to have credit risk.

**Interest Rate Risk**

At September 30, 2010, the Property Appraiser did not hold any investments that were considered to have interest rate risk.

**Custodial Credit Risk**

At September 30, 2010, the Property Appraiser did not hold any deposits or investments that were considered to have custodial risk.

**Concentration of Credit Risk**

At September 30, 2010, the Property Appraiser did not hold any investments that were considered to have concentration of credit risk.

**NOTE 3 - LONG-TERM LIABILITIES**

The Property Appraiser's long-term liabilities are reported in the statement of net assets in the County's financial statements.

Liability activity for the year ended September 30, 2010, was as follows:

	<b>BEGINNING BALANCE</b>	<b>ADDITIONS</b>	<b>REDUCTIONS</b>	<b>ENDING BALANCE</b>	<b>DUE WITHIN ONE YEAR</b>
<b>Governmental activities:</b>					
Compensated absences	\$ 18,927	\$ 996	\$ -	\$ 19,923	\$ -
<b>Total</b>	<b>\$ 18,927</b>	<b>\$ 996</b>	<b>\$ -</b>	<b>\$ 19,923</b>	<b>\$ -</b>

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

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**NOTE 3 - LONG-TERM LIABILITIES (CONTINUED)**

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 BENEFITS**

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

The System 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. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Retirement coverage is employee noncontributory. The employer pays all contributions.

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

	<b>10/01/09 Through 06/30/10</b>	<b>7/01/10 Through 09/30/10</b>
Regular employees	9.85%	10.77%
Senior management service class	13.12%	14.57%
Elected county officials' class	16.53%	18.64%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. Total payroll for the Property Appraiser employees covered by the Florida Retirement System was \$576,291 at September 30, 2010. The Property Appraiser's contribution to the plan for the years ended September 30, 2010, 2009, and 2008 was \$76,511, \$64,355, and \$62,395, which were the required contributions. For the year ended September 30, 2010 retirement contributions represent 13.28% of covered payroll.

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

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**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. For the year ending September 30, 2010, excess revenues over expenditures of \$20,182 are accrued and reported as transfers out to the Board of County Commissioners.

**NOTE 6 – SUBSEQUENT EVENTS**

Subsequent to year end, the Florida Legislature passed Senate Bill 2100 which made substantive changes to the Florida Retirement System. The Bill was signed into law on July 1, 2011. The Bill requires all FRS Investment Plan and Pension Plan members (except those in DROP) to make 3% employee contributions on a pretax bases. Normal retirement dates and the Pension Plan's Average Final Compensation calculation for plan members enrolling to the FRS for the first time after July, 2011 will change.

## **Supplementary Information**



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

To the Honorable Sharon Cox  
Property Appraiser of Jackson County, Florida  
Marianna, Florida

We have audited the special-purpose financial statements of the Jackson County, Florida, Property Appraiser (the "Property Appraiser") as of and for the year ended September 30, 2010, and have issued our report thereon dated August 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Property Appraiser's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Property Appraiser's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Property Appraiser's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Honorable Sharon Cox  
Property Appraiser of Jackson County, Florida  
Marianna, Florida

## **PRIOR YEAR FINDING AND RECOMMENDATION**

### **Need for Segregation of Duties**

**COMMENT:** The size of the Property Appraiser's staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. There is a lack of segregation of duties between employees who have record keeping responsibility and custody of Property Appraiser's assets.

**RECOMMENDATION:** The size of the Property Appraiser's administrative staff makes it difficult to achieve ideal segregation of duties. The Property Appraiser should be aware of this internal control weakness and continue to separate record keeping duties from custody of assets as much as possible. We also recommend that management require mandatory vacations of at least one week in duration for financial personnel and recommend that their duties be assigned to other personnel while on vacation.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Jackson County, Florida, 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*.

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

The report is intended for the information of the Jackson County, Florida, Property Appraiser, the Board of County Commissioners, and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

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

Marianna, Florida  
August 19, 2011



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## INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Sharon Cox  
Property Appraiser of Jackson County, Florida  
Marianna, Florida

We have audited the accompanying financial statements of the Jackson County, Florida, Property Appraiser (the Property Appraiser), as of and for the year ended September 30, 2010, and have issued our report thereon dated August 19, 2011.

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. We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated August 19, 2011. Disclosures in that report, if any, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida, and unless otherwise required to be reported in the report on compliance and internal controls, this letter is required to include the following information.

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address 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 as noted in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Jackson County, Florida, Property Appraiser complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations that improve financial management. In connection with our audit, we did not have any such recommendations.

To the Honorable Sharon Cox  
Property Appraiser of Jackson County, Florida  
Marianna, Florida

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse that an effect on the financial statements that is less than material, but, more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts or abuse and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This item was disclosed in the notes to the financial statements.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of the Jackson County, Florida, Property Appraiser, the Board of County Commissioners, the Florida Auditor General and appropriate federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

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

Marianna, Florida  
August 19, 2011



Certified Florida Appraiser

*Sharon Cox, CFA*  
Jackson County Property Appraiser

Post Office Box 1526  
Marianna, Florida 32447

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"WE ARE HERE TO SERVE YOU"

August 24, 2011

Carr, Riggs & Ingram  
4267 Lafayette Street  
Marianna, FL 32446

To Whom It May Concern:

We are in receipt of the Jackson County Property Appraiser's audit report for the fiscal year ending September 30, 2010. In response to the internal control and compliance report the following applies:

Segregation of Duties – The Property Appraiser acknowledges the segregation of duties issue will always be of concern, however, I will continue to be involved in the day to day operations and separate duties as much as possible.

Thank you for your assistance during the audit.

Sincerely,

Sharon Cox, CFA  
Jackson County Property Appraiser

**Jackson County, Florida  
Sheriff**

**Special-Purpose Financial Statements**

**September 30, 2010**

**Jackson County, Florida**  
**Sheriff**  
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**September 30, 2010**

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Louis S. Roberts, III  
Sheriff of Jackson County, Florida  
Marianna, Florida

We have audited the accompanying special-purpose financial statements of the Jackson County, Florida, Sheriff (the "Sheriff") as of and for the year ended September 30, 2010, as listed in the table of contents. These special-purpose financial statements are the responsibility of management of the Sheriff. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the Sheriff's financial statements are special-purpose financial statements presenting only the financial position and results of operations of the Sheriff. These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Jackson County, Florida, taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the *fund level* financial statements as defined in Governmental Accounting Standards Board Statement 34, and do not include presentations of *government-wide* financial statements of the Sheriff.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the fiduciary fund type of the Sheriff as of September 30, 2010, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Honorable Louis S. Roberts, III  
Sheriff of Jackson County, Florida  
Jackson County, Florida

In accordance with *Government Auditing Standards*, we have also issued a report dated September 1, 2011, on our consideration of the Sheriff's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying information identified in the table of contents as combining statements is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

September 1, 2011

## **Special-Purpose Financial Statements**

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

*September 30, 2010*

	General Fund	Contraband Forfeitures	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash	\$ 180,683	\$ 461,296	\$ 61,286	\$ 703,265
Due from other governmental units	-	-	7,400	7,400
<b>Total assets</b>	<b>\$ 180,683</b>	<b>\$ 461,296</b>	<b>\$ 68,686</b>	<b>\$ 710,665</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 180,683	\$ -	\$ -	\$ 180,683
Deferred revenue	-	-	39,462	39,462
<b>Total liabilities</b>	<b>180,683</b>	<b>-</b>	<b>39,462</b>	<b>220,145</b>
<b>Fund balances</b>				
Unreserved	-	461,296	29,224	490,520
<b>Total liabilities and fund balances</b>	<b>\$ 180,683</b>	<b>\$ 461,296</b>	<b>\$ 68,686</b>	<b>\$ 710,665</b>

See accompanying notes to financial statements.

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

*For the year ended September 30, 2010*

	General Fund	Contraband Forfeitures	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Fines and forfeitures	\$ -	\$ 144,244	\$ -	\$ 144,244
Grants	240,696	-	94,489	335,185
Investment earnings	-	3,736	11	3,747
Other fees and miscellaneous revenues	-	-	7,000	7,000
<b>Total revenues</b>	<b>240,696</b>	<b>147,980</b>	<b>101,500</b>	<b>490,176</b>
<b>Expenditures</b>				
Current:				
Public safety	4,421,490	6,442	100,087	4,528,019
Capital outlay	190,092	-	-	190,092
Debt service				
Principal	85,966	-	-	85,966
Interest	8,992	-	-	8,992
<b>Total expenditures</b>	<b>4,706,540</b>	<b>6,442</b>	<b>100,087</b>	<b>4,813,069</b>
Excess (deficiency) of revenues over (under) expenditures	(4,465,844)	141,538	1,413	(4,322,893)
<b>Other financing sources (uses)</b>				
Transfers in	4,465,844	-	-	4,465,844
Transfers out	-	(166,781)	-	(166,781)
<b>Net other financing sources (uses)</b>	<b>4,465,844</b>	<b>(166,781)</b>	<b>-</b>	<b>4,299,063</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(25,243)</b>	<b>1,413</b>	<b>(23,830)</b>
<b>Fund balances - beginning</b>	<b>-</b>	<b>486,539</b>	<b>27,811</b>	<b>514,350</b>
<b>Fund balances - ending</b>	<b>\$ -</b>	<b>\$ 461,296</b>	<b>\$ 29,224</b>	<b>\$ 490,520</b>

See accompanying notes to financial statements.

**Jackson 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, 2010*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Grants	\$ 240,696	\$ 240,696	\$ 240,696	\$ -
<b>Total revenues</b>	<b>240,696</b>	<b>240,696</b>	<b>240,696</b>	<b>-</b>
<b>Expenditures</b>				
Current:				
Public safety	4,441,482	4,441,482	4,421,490	19,992
Capital outlay	265,058	265,058	190,092	74,966
Debt service	-	-	85,966	(85,966)
Interest	-	-	8,992	(8,992)
<b>Total expenditures</b>	<b>4,706,540</b>	<b>4,706,540</b>	<b>4,706,540</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(4,465,844)</b>	<b>(4,465,844)</b>	<b>(4,465,844)</b>	<b>-</b>
<b>Other financing sources (uses)</b>				
Transfers in	4,465,844	4,465,844	4,465,844	-
Transfers out	-	-	-	-
<b>Total other financing sources</b>	<b>4,465,844</b>	<b>4,465,844</b>	<b>4,465,844</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to financial statements.

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

*September 30, 2010*

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		<b>Agency Funds</b>
<hr/>		
<b>Assets</b>		
Cash	\$	50,406
<hr/>		
Total assets	\$	50,406
<hr/>		
<b>Liabilities</b>		
Due to others	\$	50,406
<hr/>		
Total liabilities	\$	50,406
<hr/>		

See accompanying notes to financial statements.

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

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

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

**Reporting Entity**

The Jackson County Sheriff's office is an agency of Jackson County, Florida, which is a political subdivision of the State of Florida. The County was established on August 12, 1822, by the First Session of the Territorial Legislative Council. Jackson 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 Collectors, 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 Jackson County, Florida Sheriff's Office.

The Jackson 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 Jackson 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 Jackson County, Florida. These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Jackson County, Florida taken as a whole. As permitted by Chapter 10.556(5), 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.

**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.

**Jackson County, Florida  
Sheriff**

**Notes to Special-Purpose Financial Statements**

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

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.

**Contraband Forfeitures Fund** - Accounts for revenues and expenses relating to various forfeitures and seizures received through efforts of the drug task force.

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 revenue 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."

**Anti-Drug Abuse Grant** - Accounts for revenues and expenditures of the drug task force grant.

**Operation Undertake Grant** - Accounts for the reimbursement to the Sheriff's Department and other related departments for overtime and other investigative expenses. The grant was awarded for specific drug investigation.

**Local Law Enforcement Fund** - Accounts for revenues and expenditures relating to various equipment grants.

The Sheriff also reported the following fund type:

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

**Measurement Focus**

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

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

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

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

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 investment income. In general, charges for services and other revenue are recognized as earned.

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

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

**Budgetary Requirements**

Florida Statutes, Chapter 30.49 and 129.03(2), details the preparation, adoption and administration of the Sheriff's annual budget. The Sheriff establishes an annual balanced budget for his office which displays the revenues available to the office and the functions for which the money is to be expended. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

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

**Cash**

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.

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

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

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 160 hours vacation time and portion of unused sick time, with the payment of unused sick time being subject to various criteria.

The Sheriff's accumulated compensated absences are reported in the statement of net assets in the County's financial statements.

**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. A separate insurance policy is carried for the aircraft.

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.

**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.

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

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

**Subsequent Events**

The Sheriff has evaluated subsequent events through the date of the auditors' report.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

At September 30, 2010, the carrying amount of the Sheriff's cash and cash equivalents and restricted cash was \$753,671 and the bank balance was \$966,193. 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, 2010, the Sheriff did not hold any deposits or investments that were considered to have credit risk.

**Interest Rate Risk**

At September 30, 2010, the Sheriff did not hold any investments that were considered to have interest rate risk.

**Custodial Credit Risk**

At September 30, 2010, the Sheriff did not hold any deposits or investments that were considered to have custodial credit risk.

**Concentration of Credit Risk**

At September 30, 2010, the Sheriff did not hold any investments that were considered to have concentration of credit risk.

**NOTE 3 - DUE FROM OTHER GOVERNMENTS**

Due from other governments consisted of amounts due from State of Florida earned but not received as of September 30, 2010.

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

**NOTE 4 - LONG-TERM LIABILITIES**

The Sheriff's long-term liabilities activity is reported in the statement of net assets in the County's financial statements.

Long-term liabilities activity for the year ended September 30, 2010, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTION S	ENDING BALANCE	DUE WITHIN ONE YEAR
<b>Governmental activities:</b>					
Notes payable	\$ 176,317	\$ -	\$ 85,966	\$ 90,351	\$ 90,351
Compensated absences	294,248	62,687	-	356,935	-
<b>Total</b>	<b>\$ 470,565</b>	<b>\$ 62,687</b>	<b>\$ 85,966</b>	<b>\$ 447,286</b>	<b>\$ 90,351</b>

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

Debt service requirements on long-term debt at September 30, 2010 are as follows:

FISCAL YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES	
	NOTES PAYABLE	
	PRINCIPAL	INTEREST
2011	\$ 90,351	\$ 4,507
Total	\$ 90,351	\$ 4,507

**Governmental activities**

**Notes payable**

\$271,275 - Ford Motor Credit Company, payable in annual installments of \$94,958 including interest of 5.10% commencing on April 15, 2009 through April 15, 2011. Secured by ten 2009 Ford Crown Victorias.	\$ 90,351
<b>Total notes payable</b>	<b>\$ 90,351</b>

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

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**NOTE 5 - EMPLOYEE PENSION PLAN**

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

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. Retirement coverage is employee noncontributory. The employer pays all contributions.

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

	<b>10/01/09 Through 06/30/10</b>	<b>07/01/10 Through 9/30/10</b>
Regular employees	9.85%	10.77%
Senior management	13.12%	13.24%
Elected county officials	16.53%	18.64%
Special risk employees	20.92%	23.25%
DROP participants	10.91%	12.25%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2009 through September 30, 2010, the total payroll for all employees was \$2,837,118. The retirement contributions for all employees covered by the System for the years ended September 30, 2010, 2009 and 2008 were \$501,902, \$481,855 and \$468,216 which were the required contributions. For the year ended September 30, 2010 retirement contributions represented 18.23% of covered payroll.

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

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**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, 2010, as well as prior years, have not been 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.

**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 - BUDGET**

Budgets were not prepared for the various special revenue funds.

**NOTE 9 - EXCESS REVENUES**

Pursuant to Section 218.36(2), Florida Statutes, each County Officer shall pay into the county general fund all money in excess of the sum to which he or she is entitled under the provisions of Chapter 145. Excess revenues over expenditures returned to the Board of County Commissioners as required by Florida Statutes are accrued and reported as a transfer out. The Sheriff's general fund had not excess revenues at year end.

## **Supplementary Information**

**Jackson County, Florida  
Sheriff  
Combining Balance Sheet  
Nonmajor Governmental Funds  
All Special Revenue Funds**

September 30, 2010

	Anti-Drug Abuse Grant	Operation Undertaker Grant	Local Law Enforcement	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash	\$ 21,824	\$ 22,041	\$ 17,421	\$ 61,286
Due from other governments	7,400	-	-	7,400
<b>Total assets</b>	<b>\$ 29,224</b>	<b>\$ 22,041</b>	<b>\$ 17,421</b>	<b>\$ 68,686</b>
<b>Liabilities</b>				
Deferred revenue	\$ -	\$ 22,041	\$ 17,421	\$ 39,462
<b>Total liabilities</b>	<b>-</b>	<b>22,041</b>	<b>17,421</b>	<b>39,462</b>
<b>Fund balances</b>				
Unreserved	29,224	-	-	29,224
<b>Total liabilities and fund balances</b>	<b>\$ 29,224</b>	<b>\$ 22,041</b>	<b>\$ 17,421</b>	<b>\$ 68,686</b>

**Jackson County, Florida  
Sheriff**

**Combining Statement of Revenues, Operating Transfers, Expenditures, and  
Changes in Fund Balances - Nonmajor Governmental Funds  
All Special Revenue Funds**

*For the year ended September 30, 2010*

	Anti-Drug Abuse Grant	Operation Undertaker Grant	Local Law Enforcement	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Grants	\$ 59,988	\$ 6,953	\$ 27,548	\$ 94,489
Investment earnings	-	-	11	11
Other fees and miscellaneous revenues	7,000	-	-	7,000
<b>Total revenues</b>	<b>66,988</b>	<b>6,953</b>	<b>27,559</b>	<b>101,500</b>
<b>Expenditures</b>				
Current:				
Public safety	65,575	6,953	27,559	100,087
<b>Total expenditures</b>	<b>65,575</b>	<b>6,953</b>	<b>27,559</b>	<b>100,087</b>
<b>Net change in fund balances</b>	<b>1,413</b>	<b>-</b>	<b>-</b>	<b>1,413</b>
<b>Fund balances - beginning</b>	<b>27,811</b>	<b>-</b>	<b>-</b>	<b>27,811</b>
<b>Fund balances - ending</b>	<b>\$ 29,224</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 29,224</b>

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

To the Honorable Louis S. Roberts, III  
Sheriff of Jackson County, Florida  
Marianna, Florida

We have audited the special-purpose financial statements of the Jackson County, Florida; Sheriff (the "Sheriff") as of and for the year ended September 30, 2010, and have issued our report thereon dated September 1, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Sheriff's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Sheriff's financial statements that is more than inconsequential will not be prevented or detected by the Sheriff's internal control. We consider the following deficiencies described to be significant deficiencies in internal control over financial reporting:

To the Honorable Louis S. Roberts, III  
Sheriff of Jackson County, Florida  
Marianna, Florida

## **PRIOR YEAR COMMENT**

### **Need for Segregation of Duties**

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

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Jackson County, Florida, Sheriff's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We consider the segregation of duties as described above to be a material weakness in internal control over financial reporting.

### **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*.

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

To the Honorable Louis S. Roberts, III  
Sheriff of Jackson County, Florida  
Marianna, Florida

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

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

September 1, 2011

## INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Louis S. Roberts, III  
Sheriff of Jackson County, Florida  
Marianna, Florida

We have audited the accompanying financial statements of the Jackson County, Florida, Sheriff (the Sheriff), as of and for the year ended September 30, 2010, and have issued our report thereon dated September 1, 2011.

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. We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated September 1, 2011. Disclosures in that report, if any, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's reports or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address 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.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Jackson County, Florida, Sheriff complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material, but, more than inconsequential. In connection with our audit, we did not have any such findings.

To the Honorable Louis S. Roberts, III  
Sheriff of Jackson County, Florida  
Marianna, Florida

- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Jackson County, Florida, Sheriff was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Jackson County, Florida, Sheriff.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of the Jackson County, Florida, Sheriff, the Board of County Commissioners and the Florida Auditor General and appropriate federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

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

September 1, 2011



LOUIS S. ROBERTS III

**Sheriff**

**Jackson County**



AREA 850

Office: 482-9624 • Dispatch: 482-9648  
Administration: 482-9664 • C.I.D.: 482-9664

FAX: 482-9017

P.O. Box 919 • Marianna, Florida 32447

September 7, 2011

Honorable David W. Martin  
State of Florida Auditor General  
Claude Pepper Building  
111 West Madison Street  
Tallahassee, Florida 32399-1450

Dear Auditor General Martin,

We have received the audit report for the Office of Sheriff, Jackson County Florida for the fiscal year ending September 30, 2010. We have reviewed the Management Letter included in the report. Concerning the items noted in the Management letter, the following response is:

**1. Need for Segregation of Duties.**

In past years only one person held all responsibilities of the accounting and payroll for the Sheriff's Office. In 1997 we were awarded another person to segregate the duties more than in the past by the Board of Commissioners. The Sheriff has also assigned the task of approving all bills to the Major before they are paid. Due to budgetary decreases no new administrative staff positions are expected to be granted by the Board.

Sincerely,

Louis S. Roberts III, Sheriff  
Jackson County Florida

Linda J. Cowan, Finance Officer  
Jackson County Sheriff's Office

cc: Carr, Riggs, and Ingram, LLC

**Jackson County, Florida  
Tax Collector**

**Special-Purpose Financial Statements**

**September 30, 2010**

**Jackson County, Florida**  
**Tax Collector**  
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**September 30, 2010**

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Sherry Brown  
Tax Collector of Jackson County, Florida  
Marianna, Florida

We have audited the accompanying special-purpose financial statements of the Jackson County, Florida, Tax Collector (the "Tax Collector") as of and for the year ended September 30, 2010, as listed in the table of contents. These special-purpose financial statements are the responsibility of the management of the Tax Collector. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the 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 Jackson County, Florida, taken as a whole. As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the *fund level* financial statements as defined in Governmental Accounting Standards Board Statement 34, and do not include presentations of *government-wide* financial statements of the Tax Collector.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and fiduciary fund type of the Tax Collector as of September 30, 2010, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

To the Honorable Sherry Brown  
Tax Collector of Jackson County, Florida  
Marianna, Florida

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2011 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* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying information identified in the table of contents as a combining statement is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

August 19, 2011

## **Special-Purpose Financial Statements**

**Jackson County, Florida**  
**Tax Collector**  
**Special-Purpose Balance Sheet**  
**Governmental Funds**

*September 30, 2010*

	<b>General Fund</b>
<b>Assets</b>	
Cash	\$ 102,430
<b>Total assets</b>	<b>\$ 102,430</b>
<b>Liabilities</b>	
Accounts payable and accrued expenses	\$ 16,428
Deferred revenue	1,385
Due to Board of County Commissioners	82,417
<b>Total liabilities</b>	<b>100,230</b>
<b>Fund balance</b>	<b>2,200</b>
<b>Total liabilities and fund balance</b>	<b>\$ 102,430</b>

See accompanying notes to financial statements.

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

*For the year ended September 30, 2010*

	<b>General Fund</b>
<hr/>	
<b>Revenues</b>	
Charges for services	\$ 410,556
<hr/>	
Total revenues	410,556
<hr/>	
<b>Expenditures</b>	
Current:	
General government	1,032,036
<hr/>	
Total expenditures	1,032,036
<hr/>	
Excess (deficiency) of revenues over (under) expenditures	(621,480)
<hr/>	
<b>Other financing sources (uses)</b>	
Transfers in	703,897
Transfers out	(82,417)
<hr/>	
Net other financing sources (uses)	621,480
<hr/>	
<b>Net change in fund balance</b>	-
<b>Fund balance - beginning</b>	2,200
<hr/>	
<b>Fund balance - ending</b>	\$ 2,200
<hr/>	

See accompanying notes to financial statements.

**Jackson 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, 2010*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Charges for services	\$ 410,109	\$ 382,187	\$ 410,556	\$ 28,369
Total revenues	410,109	382,187	410,556	28,369
<b>Expenditures</b>				
Current:				
General government	1,107,329	1,084,757	1,032,036	52,721
Capital outlay	8,000	2,650	-	2,650
Total expenditures	1,115,329	1,087,407	1,032,036	55,371
Excess (deficiency) of revenues over (under) expenditures	(705,220)	(705,220)	(621,480)	83,740
<b>Other financing sources (uses)</b>				
Transfers in	705,220	705,220	703,897	(1,323)
Transfers out	-	-	(82,417)	(82,417)
Net other financing sources (uses)	705,220	705,220	621,480	(83,740)
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to financial statements.

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

*September 30, 2010*

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	<b>Agency Funds</b>
<hr/>	
<b>Assets</b>	
Cash	\$ 639,186
<hr/>	
Total assets	\$ 639,186
<hr/> <hr/>	
<b>Liabilities</b>	
Due to other governments	\$ 639,186
<hr/>	
Total liabilities	\$ 639,186
<hr/> <hr/>	

See accompanying notes to financial statements

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

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

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

**Reporting Entity**

The Jackson County Tax Collector's office is an agency of Jackson County, Florida, which is a political subdivision of the State of Florida. The County was established on August 12, 1822, by the First Session of the Territorial Legislative Council. Jackson 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 Jackson County Tax Collector's Office.

The Jackson 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 Jackson 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 Jackson County, Florida.

These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Jackson 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.

**Jackson County, Florida**  
**Tax Collector**  
**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 and Tax 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 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.

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

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

**Basis of Accounting - continued**

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

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

**Cash and Cash Equivalents**

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

**Capital Assets and Depreciation**

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

**Accumulated Compensated Absences**

Permanent full-time employees of the Tax Collector are entitled to personal leave based on length of employment and up to 400 hours may be carried forward to future years. Upon separation from employment, employees can be paid for unused personal leave in accordance with personnel policy.

The Tax Collector's accumulated compensated absences are reported in the statement of net assets in the County's financial statements.

**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.

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

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

**Property Tax Collections**

Chapter 197, Florida Statutes, governs property tax collections.

**Current Taxes**

All property taxes become due and payable on November 1, and are delinquent on April 1 of the following year. Discounts of 4%, 3%, 2% and 1% are allowed for early payment in November through February, respectively.

**Unpaid Taxes - Sale of Tax Certificates**

The Tax Collector advertises, as required by Florida Statutes, and then sells tax certificates on all real property for unpaid taxes. Certificates not purchased are issued to the County. Any person owning real property upon which a tax certificate has been sold may reacquire the real property 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 when the taxes have been delinquent (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.

**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.

**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**

The Tax Collector has evaluated subsequent events through the date of the Auditors' Report.

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

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**NOTE 2 - DEPOSITS AND INVESTMENTS**

At September 30, 2010, the carrying amount of the Tax Collector's cash and cash equivalents and restricted cash was \$741,616 and the bank balance was \$724,519. 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 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, 2010, the Tax Collector did not hold any deposits or investments that were considered to have credit risk.

**Interest Rate Risk**

At September 30, 2010, the Tax Collector did not hold any investments that were considered to have interest rate risk.

**Custodial Credit Risk**

At September 30, 2010, the Tax Collector did not hold any deposits or investments that were considered to have custodial risk.

**Concentration of Credit Risk**

At September 30, 2010, the Tax Collector did not hold any investments that were considered to have concentration of credit risk.

**Jackson 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 assets in the County's financial statements.

Long-term liability activity for the year ended September 30, 2010, was as follows:

	<b>BEGINNING BALANCE</b>	<b>ADDITIONS</b>	<b>REDUCTIONS</b>	<b>ENDING BALANCE</b>	<b>DUE WITHIN ONE YEAR</b>
<b>Governmental activities:</b>					
Compensated absences	\$ 35,429	\$ -	\$ 2,143	\$ 33,286	\$ -
Total	\$ 35,429	\$ -	\$ 2,143	\$ 33,286	\$ -

Accrued compensated absences represent the vested portion of accrued vacation, sick leave, and compensatory time. 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 - EMPLOYEES PENSION PLAN**

In accordance with Florida law, the Tax Collector participates in the Florida Retirement System (the System), 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. The System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State of Florida Division of Retirement, Tallahassee, Florida 32399-1560, or by accessing their internet site at [www.frs.state.fl.us/frs/public/annual](http://www.frs.state.fl.us/frs/public/annual).

The System 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. FRS also provides death and disability benefits and cost-of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Retirement coverage is employee noncontributory. The employer pays all contributions.

**Jackson 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 pay all contributions at rates determined each year by the legislature. The rates, as a percentage of gross earnings, are as follows:

	10/01/09 Through <u>06/30/10</u>	<b>07/01/10 Through <b>09/30/10</b></b>
Regular employees	9.85%	10.77%
Senior management	13.12%	14.57%
Elected county officials' class	16.53%	18.64%
DROP plan participants	10.91%	12.25%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. Total payroll for the Tax Collector employees covered by the Florida Retirement System was \$631,320 for the year ended September 30, 2010. The Tax Collector's contribution to the plan for the years ended September 30, 2010, 2009, and 2008 totaled \$71,245, \$74,617, and \$78,871. These contributions represented 11.29% of covered payroll for the year ended September 30, 2010.

**NOTE 5 - EXCESS REVENUE**

Pursuant to Section 218.36(2), Florida Statutes, any excess revenues over expenditures determined as of the fiscal year end, "...is returned to each governmental unit in the same proportion as the fees paid by the governmental unit bear to the total fee income of the Tax Collector." For the year ending September 30, 2010, excess revenues over expenditures of \$82,417 are accrued and reported as a transfer out.

**NOTE 6 - OPERATING LEASES**

The Tax Collector leases various buildings under operating leases with yearly lease terms. Rental expense under operating leases for the year ended September 30, 2010 was \$20,040.

Minimum future lease payments under operating leases as of September 30, 2010 and for each year until expiration are:

2011	\$	20,040
2012		1,875
<b>Total minimum future lease payments</b>		<b>\$ 21,915</b>

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

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**NOTE 7 - SUBSEQUENT EVENTS**

Subsequent to year end, the Florida Legislature passed Senate Bill 2100 which made substantive changes to the Florida Retirement System. The Bill was signed into law on July 1, 2011. The Bill requires all FRS Investment Plan and Pension Plan members (except those in DROP) to make 3% employee contributions on a pretax bases. Normal retirement dates and the Pension Plan's Average Final Compensation calculation for plan members enrolling to the FRS for the first time after July, 2011 will change.

## **Supplementary Information**

**Jackson County, Florida**  
**Tax Collector**  
**Combining Special-Purpose Statement of Fiduciary Net Assets**  
**Agency Funds**

*September 30, 2010*

	License and Boat	Tag	Tax	Total
<b>Assets</b>				
Cash	\$ 1,888	\$ 64,065	\$ 573,233	\$ 639,186
Total assets	\$ 1,888	\$ 64,065	\$ 573,233	\$ 639,186
<b>Liabilities</b>				
Due to other governments	\$ 1,888	\$ 64,065	\$ 573,233	\$ 639,186
Total liabilities	\$ 1,888	\$ 64,065	\$ 573,233	\$ 639,186



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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 Sherry Brown  
Tax Collector of Jackson County, Florida  
Marianna, Florida

We have audited the financial statements of the Jackson County, Florida, Tax Collector (Tax Collector) as of and for the year ended September 30, 2010, and have issued our report thereon dated August 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Tax Collector's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Tax Collector's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Honorable Sherry Brown  
Tax Collector of Jackson County, Florida  
Marianna, Florida

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

##### **Need for Segregation of Duties**

**COMMENT:** The size of the Tax Collector's staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. There is a lack of segregation of duties between employees who have record keeping responsibility and custody of Tax Collector's assets.

**RECOMMENDATION:** The size of the Tax Collector's administrative staff makes it difficult to achieve ideal segregation of duties. The Tax Collector should be aware of internal control weakness and continue to separate record keeping duties from custody of assets as much as possible. We also recommend that management require mandatory vacations of at least one week in duration for financial personnel and recommend that their duties be assigned to other personnel while on vacation.

**STATUS:** This item still exists.

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

As part of obtaining reasonable assurance about whether the Jackson County, Florida, 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*.

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

The report is intended for the information and use of the Jackson County, Florida, Tax Collector, the Board of County Commissioners, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

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

August 19, 2011



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## INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Sherry Brown  
Tax Collector of Jackson County, Florida  
Marianna, Florida

We have audited the accompanying financial statements of the Jackson County, Florida, Tax Collector (the Tax Collector), as of and for the year ended September 30, 2010, and have issued our report thereon dated August 19, 2011.

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. We have issued our Independent Auditors' Report on Internal Control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* dated August 19, 2011. Disclosures in that report, if any, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida, and unless otherwise required to be reported in the report on compliance and internal controls, this letter is required to include the following information.

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address 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. See the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Jackson County, Florida, Tax Collector complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address 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 Sherry Brown  
Tax Collector of Jackson County, Florida  
Marianna, Florida

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse that an effect on the financial statements that is less than material, but, more than inconsequential. In connection with our audit, we did not have any such findings
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts or abuse and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This item was disclosed in the notes to the financial statements.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America requires us to indicate that this letter is intended solely for the information and use of the Jackson County, Florida, Tax Collector, The Board of County Commissioners, the Florida Auditor General and appropriate federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

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

August 19, 2011

# Sherry A. Brown, CFC

## Tax Collector, Jackson County Certified Florida Collector



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**Sneads Agency**  
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Sneads, Florida 32460  
Phone 850-593-6737  
Fax 850-593-5388

September 13, 2011

Carr, Riggs and Ingram LLC  
P.O. Box 1606  
Marianna, FL 32447

Attention: Audit Department

I am in receipt of the audit report for the Jackson County Tax Collector's Office for the fiscal year ending September 30, 2010. Concerning the current year findings and recommendations, the following applies:

- **Need for Segregation of Duties** – The need for segregation of duties will always be a concern for my office due to the size of my staff. I am aware of internal control weaknesses this presents to my office, however we have implemented other internal controls to help compensate for this weakness. It is not practical to require mandatory vacations of at least one week, however, personnel does take vacations and are out of the office for other reasons, and on those occasions the tasks are performed by other personnel who have been cross trained for this specific reason. I will continue, as always, to be involved in the day-to-day tasks of running my office to help strengthen internal controls.

We will continue to strive to provide current, accurate and reliable financial information and serve the citizens of Jackson County, Florida in the most cost effective and efficient manner.

Sincerely,

A handwritten signature in cursive script that reads "Sherry A. Brown".

Sherry A. Brown, CFC  
Jackson County Tax Collector