

# **Jackson County, Florida**

## **Financial Statements**

**September 30, 2012**

**Jackson County, Florida  
FINANCIAL STATEMENTS  
September 30, 2012**

**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, 2012**

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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, 2012, 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, 2012, 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 June 20, 2013 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 15 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 and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of State Financial Assistance Projects is presented for purposes of additional analysis as required by 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 state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. 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.

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

June 20, 2013

## 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 47.

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, 2012. This is the tenth 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 2011-2012 fiscal year are as follows:

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$75,611,656.
- The County's total net assets decreased by \$1,484,237, which represents a 1.93 percent decrease from the 2010-2011 fiscal year.
- As of the close of the current fiscal year, the County's governmental funds reported total fund balance of \$17,085,880 an decrease of \$7,752,639 in comparison with the prior year.
- During the current year, General Fund expenditures and transfers exceeded revenues by \$57,021. General Fund revenue increased by \$467,269, or 3.04% 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, Road Construction and Gas Tax Bond Series 2010, 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 20 through 47 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, 2011 and September 30, 2012:

<i>as of September 30,</i>	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Current and other assets	<b>\$ 20,059,850</b>	\$ 30,509,003	<b>\$ 1,199,413</b>	\$ 1,137,570	<b>\$ 21,259,263</b>	\$ 31,646,573
Non-current assets	<b>61,757,973</b>	55,310,408	<b>11,658,528</b>	12,016,579	<b>73,416,501</b>	67,326,987
<b>Total assets</b>	<b>81,817,823</b>	85,819,411	<b>12,857,941</b>	13,154,149	<b>94,675,764</b>	98,973,560
Current and other liabilities	<b>4,011,228</b>	5,670,482	<b>197,015</b>	98,549	<b>4,208,243</b>	5,769,031
Non-current liabilities	<b>10,292,865</b>	11,395,636	<b>4,563,000</b>	4,713,000	<b>14,855,865</b>	16,108,636
<b>Total liabilities</b>	<b>14,304,093</b>	17,066,118	<b>4,760,015</b>	4,811,549	<b>19,064,108</b>	21,877,667
Invested in capital assets, net of related debt	<b>53,003,185</b>	46,179,758	<b>7,018,528</b>	7,303,579	<b>60,021,713</b>	53,483,337
Restricted	<b>3,430,643</b>	9,243,326	<b>551,817</b>	551,817	<b>3,982,460</b>	9,795,143
Unrestricted	<b>11,079,902</b>	13,330,209	<b>527,581</b>	487,204	<b>11,607,483</b>	13,817,413
<b>Total net assets</b>	<b>\$ 67,513,730</b>	\$ 68,753,293	<b>\$ 8,097,926</b>	\$ 8,342,600	<b>\$ 75,611,656</b>	\$ 77,095,893

## 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>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	\$ 5,941,770	\$ 6,119,463	\$ 1,177,704	\$ 1,242,338	\$ 7,119,474	\$ 7,361,801
Operating grants and contributions	2,488,371	2,507,414	-	-	2,488,371	2,507,414
Capital grants and contributions	1,835,810	339,534	-	154,470	1,835,810	494,004
<b>Total program revenues</b>	<b>10,265,951</b>	<b>8,966,411</b>	<b>1,177,704</b>	<b>1,396,808</b>	<b>11,443,655</b>	<b>10,363,219</b>
<b>General Revenues</b>						
Property taxes	10,569,525	11,111,006	-	-	10,569,525	11,111,006
Other taxes, intergovernmental and shared revenue	17,018,924	30,630,079	-	-	17,018,924	30,630,079
Investment earnings	68,288	54,061	10,095	11,209	78,383	65,270
Miscellaneous	643,205	978,353	404	100	643,609	978,453
Transfers	(184,701)	(167,978)	184,701	167,978	-	-
Transfers to State of FL	(168,175)	(63,738)	-	-	(168,175)	(63,738)
<b>Total general revenues</b>	<b>27,947,066</b>	<b>42,541,783</b>	<b>195,200</b>	<b>179,287</b>	<b>28,142,266</b>	<b>42,721,070</b>
<b>Total revenues</b>	<b>38,213,017</b>	<b>51,508,194</b>	<b>1,372,904</b>	<b>1,576,095</b>	<b>39,585,921</b>	<b>53,084,289</b>
<b>Expenses</b>						
<b>Program activities</b>						
<b>Governmental activities:</b>						
General government	8,153,546	8,621,922	-	-	8,153,546	8,621,922
Public safety	12,833,742	13,290,955	-	-	12,833,742	13,290,955
Physical environment	546,432	533,866	-	-	546,432	533,866
Transportation	12,600,949	9,540,216	-	-	12,600,949	9,540,216
Economic environment	1,160,676	1,153,409	-	-	1,160,676	1,153,409
Human services	1,550,303	1,407,660	-	-	1,550,303	1,407,660
Culture and recreation	1,107,433	1,102,462	-	-	1,107,433	1,102,462
Court related	1,167,105	1,328,347	-	-	1,167,105	1,328,347
Interest on long-term debt	332,394	260,005	-	-	332,394	260,005
<b>Business-type activities</b>	<b>-</b>	<b>-</b>	<b>1,617,578</b>	<b>1,576,153</b>	<b>1,617,578</b>	<b>1,576,153</b>
<b>Total expenses</b>	<b>39,452,580</b>	<b>37,238,842</b>	<b>1,617,578</b>	<b>1,576,153</b>	<b>41,070,158</b>	<b>38,814,995</b>
<b>Change in net assets</b>	<b>(1,239,563)</b>	<b>14,269,352</b>	<b>(244,674)</b>	<b>(58)</b>	<b>(1,484,237)</b>	<b>14,269,294</b>
<b>Net assets – beginning</b>	<b>68,753,293</b>	<b>54,483,941</b>	<b>8,342,600</b>	<b>8,342,658</b>	<b>77,095,893</b>	<b>62,826,599</b>
<b>Net assets – ending</b>	<b>\$ 67,513,730</b>	<b>\$68,753,293</b>	<b>\$ 8,097,926</b>	<b>\$ 8,342,600</b>	<b>\$75,611,656</b>	<b>\$77,095,893</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The largest portion of the County's net assets (79.38%) 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 (5.26%) represent resources that are dedicated or subject to restrictions on how they may be used. The remaining balance of unrestricted net assets (\$11,607,483 or 15.36%) 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, 2012 are contained on the Statement of Activities on Page 5 of this report.

Governmental activities decreased the County's net assets by \$1,239,563.

### 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 unassigned fund balance was \$3,828,492 while the total fund balance was \$5,209,668. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 17.07% of total General Fund expenditures, while total fund balance represents 23.23% of that same amount. The fund balance decreased by \$57,021 during the 2011-2012 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 \$474 which is assigned. The fund balance decreased by \$198,442 during the 2011-2012 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 fund balance was \$780,774. The fund balance increased by \$113,808 during the 2011-2012 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 \$2,132,127. The fund balance decreased by \$1,986,726 during the 2011-2012 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 \$1,675,554. The fund balance increased by \$889,516 during the 2011-2012 fiscal year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Gas Tax Bond Series 2010 fund accounts for bond revenues that improve roads throughout the County. At the end of the current fiscal year, the fund balance was \$392,791. The fund balance decreased by \$5,552,638 during the 2011-2012 fiscal year.

### Proprietary Funds

The County's proprietary funds reported net assets of \$8,097,926 which includes \$6,899,451 from the operation of the Water/Sewer System.

Total unassigned fund balances for all governmental funds totaled \$3,830,993 at September 30, 2012, compared to total governmental fund balances of \$17,085,880 at the same date. The restricted fund balance was \$3,430,643 which included funds for Landfill Closure costs, the sick leave buy back program, debt services and bond proceeds for road construction projects.

The unassigned Governmental Fund balance of \$3,830,993 is different from the Unrestricted Net Assets amount on the Statement of Net Assets of \$11,079,902 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 2011-2012 fiscal year, the County amended its General Fund budget on November 13, 2012. The County received unanticipated revenues and determined actual cash balance forward dollars in excess of the original budget figures in the amount of \$3,798,926.

### CAPITAL ASSETS

The County's investment in capital assets for its governmental and business type activities as of September 30, 2012 amounted to \$73,416,501 (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, 2012, the County had a long-term debt amounting to \$15,970,123. Of this amount, revenue bond outstanding was \$12,894,788, with \$1,385,174 to meet compensated absences obligations, and the remainder for landfill closure and post-closure costs, and other post-employment benefit obligation.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### ECONOMIC FACTORS – JACKSON COUNTY, FLORIDA

- The unemployment rate for the County was 7.1% percent at September 30, 2012, this is a decrease of 16.5 percent from the prior year.
- Population decreased to approximately 41,866.
- The taxable value for personal and real property in the County at September 30, 2012 is \$1,399,343,067 a decrease of 2.5 percent from the previous year.
- The general ad valorem tax millage rate was 7.1223 for the year ended September 30, 2012.
- The budget for the next fiscal year ending September 30, 2013 represents a 5 percent decrease over the 2011-2012 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, 2012*

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 14,149,730	\$ 495,494	\$ 14,645,224
Restricted cash and cash equivalents	1,541,222	607,941	2,149,163
Accounts receivable	569,146	101,400	670,546
Inventory	21,101	-	21,101
Internal balances	10,977	(5,447)	5,530
Due from other governmental units	3,767,674	25	3,767,699
Capital assets, net			
Nondepreciable capital assets	9,604,612	21,145	9,625,757
Depreciable capital assets, net	52,153,361	11,637,383	63,790,744
<b>Total assets</b>	<b>81,817,823</b>	<b>12,857,941</b>	<b>94,675,764</b>
<b>Liabilities</b>			
Accounts payable and accrued expenses	2,401,820	73,821	2,475,641
Accrued interest payable	79,020	17,344	96,364
Due to other governmental units	267,035	-	267,035
Deferred revenue	226,095	-	226,095
Liabilities payable from restricted assets	-	28,850	28,850
Long-term liabilities			
Portion due or payable within one year			
Notes payable	46,000	-	46,000
Bonds payable	907,677	77,000	984,677
Landfill closure liability	83,581	-	83,581
Portion due or payable after one year			
Notes payable	454,000	-	454,000
Bonds payable	7,347,111	4,563,000	11,910,111
Compensated absences	1,385,174	-	1,385,174
Other post-employment benefit obligation	898,000	-	898,000
Landfill closure liability	208,580	-	208,580
<b>Total liabilities</b>	<b>14,304,093</b>	<b>4,760,015</b>	<b>19,064,108</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	53,003,185	7,018,528	60,021,713
Restricted	3,430,643	551,817	3,982,460
Unrestricted	11,079,902	527,581	11,607,483
<b>Total net assets</b>	<b>\$ 67,513,730</b>	<b>\$ 8,097,926</b>	<b>\$ 75,611,656</b>

See accompanying notes to financial statements.

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

For the year ended September 30, 2012

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	\$ 8,153,546	\$ 5,330,873	\$ 138,708	\$ 998,893	\$ (1,685,072)	\$ -	\$ (1,685,072)
Public safety	12,833,742	464,999	274,694	367,472	(11,726,577)	-	(11,726,577)
Physical environment	546,432	-	73,561	-	(472,871)	-	(472,871)
Transportation	12,600,949	-	1,412,349	469,445	(10,719,155)	-	(10,719,155)
Economic environment	1,160,676	-	436,317	-	(724,359)	-	(724,359)
Human services	1,550,303	-	33,419	-	(1,516,884)	-	(1,516,884)
Culture and recreation	1,107,433	-	119,323	-	(988,110)	-	(988,110)
Court related	1,167,105	145,898	-	-	(1,021,207)	-	(1,021,207)
Interest on long-term debt	332,394	-	-	-	(332,394)	-	(332,394)
<b>Total governmental activities</b>	<b>39,452,580</b>	<b>5,941,770</b>	<b>2,488,371</b>	<b>1,835,810</b>	<b>(29,186,629)</b>	<b>-</b>	<b>(29,186,629)</b>
<b>Business-type activities</b>							
Water and sewer	817,320	946,637	-	-	-	129,317	129,317
Parks and recreation	410,321	143,447	-	-	-	(266,874)	(266,874)
Recycling	178,787	87,620	-	-	-	(91,167)	(91,167)
Interest on long-term debt	211,150	-	-	-	-	(211,150)	(211,150)
<b>Total business-type activities</b>	<b>1,617,578</b>	<b>1,177,704</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(439,874)</b>	<b>(439,874)</b>
<b>Total primary government</b>	<b>\$ 41,070,158</b>	<b>\$ 7,119,474</b>	<b>\$ 2,488,371</b>	<b>\$ 1,835,810</b>	<b>(29,186,629)</b>	<b>(439,874)</b>	<b>(29,626,503)</b>
<b>General revenues</b>							
Taxes							
Property taxes					10,569,525	-	10,569,525
Local option taxes					5,751,913	-	5,751,913
Sales tax and other taxes					2,976,199	-	2,976,199
Intergovernmental and shared revenue					8,290,812	-	8,290,812
Investment earnings					68,288	10,095	78,383
Miscellaneous					643,205	404	643,609
Transfer to State of Florida					(168,175)	-	(168,175)
<b>Transfers</b>					<b>(184,701)</b>	<b>184,701</b>	<b>-</b>
<b>Total general revenues</b>					<b>27,947,066</b>	<b>195,200</b>	<b>28,142,266</b>
<b>Change in net assets</b>					<b>(1,239,563)</b>	<b>(244,674)</b>	<b>(1,484,237)</b>
<b>Net assets, beginning</b>					<b>68,753,293</b>	<b>8,342,600</b>	<b>77,095,893</b>
<b>Net assets, ending</b>					<b>\$ 67,513,730</b>	<b>\$ 8,097,926</b>	<b>\$ 75,611,656</b>

See accompanying notes to financial statements.

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

September 30, 2012

	General Fund	Fines and Forfeitures	Transportation Trust	Local Option Gas Tax	Road Construction	Gas Tax Bond Series 2010	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>								
Cash and cash equivalents	\$ 5,080,993	\$ 662,016	\$ 130,016	\$ 2,154,548	\$ 400,378	\$ -	\$ 5,721,779	\$ 14,149,730
Restricted cash and cash equivalents	568,281	-	220,340	-	-	651,899	100,702	1,541,222
Accounts receivable	1,009,142	-	-	-	-	-	67,105	1,076,247
Inventory	-	-	-	21,101	-	-	-	21,101
Due from other funds	462,373	219,917	1,411,795	1,230,621	971,973	21,101	1,009,842	5,327,622
Due from other governmental units	921,418	141,885	553,238	369,744	767,093	-	507,195	3,260,573
<b>Total assets</b>	<b>\$ 8,042,207</b>	<b>\$ 1,023,818</b>	<b>\$ 2,315,389</b>	<b>\$ 3,776,014</b>	<b>\$ 2,139,444</b>	<b>\$ 673,000</b>	<b>\$ 7,406,623</b>	<b>\$ 25,376,495</b>
<b>Liabilities</b>								
Accounts payable and accrued expenses	\$ 992,428	\$ 204,913	\$ 175,217	\$ 207,318	\$ 383,184	\$ 159,274	\$ 279,486	\$ 2,401,820
Accrued interest payable	-	-	-	-	79,020	-	-	79,020
Due to other funds	1,505,101	818,431	1,359,398	1,436,569	1,686	120,935	74,525	5,316,645
Due to other governmental units	267,035	-	-	-	-	-	-	267,035
Deferred revenue	67,975	-	-	-	-	-	158,120	226,095
<b>Total liabilities</b>	<b>2,832,539</b>	<b>1,023,344</b>	<b>1,534,615</b>	<b>1,643,887</b>	<b>463,890</b>	<b>280,209</b>	<b>512,131</b>	<b>8,290,615</b>
<b>Fund balances</b>								
Restricted	396,823	-	-	-	-	392,791	2,641,029	3,430,643
Committed	273,244	-	220,528	-	-	-	732,902	1,226,674
Assigned	711,109	474	560,246	2,132,127	1,675,554	-	3,518,060	8,597,570
Unassigned	3,828,492	-	-	-	-	-	2,501	3,830,993
<b>Total fund balances</b>	<b>5,209,668</b>	<b>474</b>	<b>780,774</b>	<b>2,132,127</b>	<b>1,675,554</b>	<b>392,791</b>	<b>6,894,492</b>	<b>17,085,880</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,042,207</b>	<b>\$ 1,023,818</b>	<b>\$ 2,315,389</b>	<b>\$ 3,776,014</b>	<b>\$ 2,139,444</b>	<b>\$ 673,000</b>	<b>\$ 7,406,623</b>	<b>\$ 25,376,495</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, 2012*

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

Total fund balances – governmental funds	\$ 17,085,880
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the governmental funds.	61,757,973
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the governmental funds.	(11,330,123)
<u>Net assets of governmental activities</u>	<u>\$ 67,513,730</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, 2012*

	General Fund	Fines and Forfeitures	Transportation Trust	Local Option Gas Tax	Road Construction	Gas Tax Bond Series 2010	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>								
Taxes	\$ 3,926,926	\$ 6,181,172	\$ 2,970,054	\$ 2,013,958	\$ 486,854	\$ -	\$ 3,718,673	\$ 19,297,637
Licenses and permits	1,264,716	-	-	-	-	-	-	1,264,716
Intergovernmental	5,886,689	309,258	23,202	-	2,019,153	-	19,789	8,258,091
Charges for services	3,415,303	166,363	-	-	-	-	780,704	4,362,370
Fines and forfeitures	26,469	48,734	-	-	-	-	239,481	314,684
Grants	1,093,688	-	-	-	1,881,794	-	1,348,699	4,324,181
Investment earnings	32,290	3,115	1,583	17,341	333	1,685	11,941	68,288
Other fees and miscellaneous revenues	166,623	207,531	32,459	-	33,329	-	203,263	643,205
<b>Total revenues</b>	<b>15,812,704</b>	<b>6,916,173</b>	<b>3,027,298</b>	<b>2,031,299</b>	<b>4,421,463</b>	<b>1,685</b>	<b>6,322,550</b>	<b>38,533,172</b>
<b>Expenditures</b>								
Current:								
General government	7,447,956	-	-	-	-	-	231,695	7,679,651
Public health and safety	8,389,960	2,965,527	-	-	-	-	758,225	12,113,712
Physical environment	473,120	-	-	-	-	-	73,312	546,432
Transportation	175,444	-	5,238,056	269,419	2,541,065	2,200,663	233,174	10,657,821
Economic environment	571,573	-	-	-	-	-	560,312	1,131,885
Human services	1,081,240	-	-	-	-	-	33,420	1,114,660
Culture/recreation	439,288	-	-	-	-	-	577,040	1,016,328
Court related	934,397	-	-	-	-	-	199,628	1,134,025
Capital outlay	2,901,960	10,365	398,940	436,566	1,513,002	3,353,660	1,215,672	9,830,165
Debt service								
Principal	-	-	-	-	875,862	-	-	875,862
Interest and other charges	6,347	-	-	-	326,047	-	-	332,394
<b>Total expenditures</b>	<b>22,421,285</b>	<b>2,975,892</b>	<b>5,636,996</b>	<b>705,985</b>	<b>5,255,976</b>	<b>5,554,323</b>	<b>3,882,478</b>	<b>46,432,935</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(6,608,581)</b>	<b>3,940,281</b>	<b>(2,609,698)</b>	<b>1,325,314</b>	<b>(834,513)</b>	<b>(5,552,638)</b>	<b>2,440,072</b>	<b>(7,899,763)</b>
<b>Other financing sources (uses)</b>								
Transfers in	6,975,922	259,229	3,312,040	-	1,838,784	-	483,743	12,869,718
Transfers out	(756,187)	(4,397,952)	(588,534)	(3,312,040)	(114,755)	-	(3,884,951)	(13,054,419)
Transfer to State of Florida	(168,175)	-	-	-	-	-	-	(168,175)
Loan proceeds	500,000	-	-	-	-	-	-	500,000
<b>Net other financing sources (uses)</b>	<b>6,551,560</b>	<b>(4,138,723)</b>	<b>2,723,506</b>	<b>(3,312,040)</b>	<b>1,724,029</b>	<b>-</b>	<b>(3,401,208)</b>	<b>147,124</b>
<b>Net changes in fund balances</b>	<b>(57,021)</b>	<b>(198,442)</b>	<b>113,808</b>	<b>(1,986,726)</b>	<b>889,516</b>	<b>(5,552,638)</b>	<b>(961,136)</b>	<b>(7,752,639)</b>
<b>Fund balances - beginning</b>	<b>5,266,689</b>	<b>198,916</b>	<b>666,966</b>	<b>4,118,853</b>	<b>786,038</b>	<b>5,945,429</b>	<b>7,855,628</b>	<b>24,838,519</b>
<b>Fund balances - ending</b>	<b>\$ 5,209,668</b>	<b>\$ 474</b>	<b>\$ 780,774</b>	<b>\$ 2,132,127</b>	<b>\$ 1,675,554</b>	<b>\$ 392,791</b>	<b>\$ 6,894,492</b>	<b>\$ 17,085,880</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, 2012*

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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	\$ (7,752,639)
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of activities.	9,830,165
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.	(3,415,322)
The net effect of transactions involving capital assets (i.e. sales, transfers and donations) included in the governmental activities in the statement of activities.	32,720
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.	875,862
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.	(500,000)
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.	(226,000)
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:	
Compensated absences	(84,349)
Change in net assets of governmental activities	\$ (1,239,563)

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, 2012*

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 3,862,751	\$ 3,890,951	\$ 3,926,926	\$ 35,975
Licenses and permits	1,400,000	1,260,500	1,264,716	4,216
Intergovernmental	5,871,250	5,912,950	5,886,689	(26,261)
Charges for services	3,252,861	3,313,861	3,415,303	101,442
Fines and forfeitures	26,140	26,140	26,469	329
Grants	85,000	1,191,000	1,093,688	(97,312)
Investment earnings	9,000	9,000	32,290	23,290
Other fees and miscellaneous revenues	86,896	170,596	166,623	(3,973)
<b>Total revenues</b>	<b>14,593,898</b>	<b>15,774,998</b>	<b>15,812,704</b>	<b>37,706</b>
<b>Expenditures</b>				
Current:				
General government	8,449,376	8,772,490	7,447,956	1,324,534
Public health and safety	8,492,399	8,799,399	8,389,960	409,439
Physical environment	499,301	499,801	473,120	26,681
Transportation	234,838	234,838	175,444	59,394
Economic environment	617,800	617,800	571,573	46,227
Human services	1,131,751	1,368,940	1,081,240	287,700
Culture and recreation	444,930	492,930	439,288	53,642
Court related	1,195,704	1,213,178	934,397	278,781
Capital outlay	793,442	3,322,490	2,901,960	420,530
Debt service	-	496,000	6,347	489,653
Reserve for contingencies	57,345	57,345	-	57,345
<b>Total expenditures</b>	<b>21,916,886</b>	<b>25,875,211</b>	<b>22,421,285</b>	<b>3,453,926</b>
Excess (deficiency) of revenues over (under) expenditures	(7,322,988)	(10,100,213)	(6,608,581)	3,491,632
<b>Other financing sources (uses)</b>				
Transfers in	6,918,652	7,408,677	6,975,922	(432,755)
Transfers out	(969,321)	(919,757)	(756,187)	163,570
Loan proceeds	-	500,000	500,000	-
Transfer to State of Florida	-	-	(168,175)	(168,175)
Net other financing sources (uses)	5,949,331	6,988,920	6,551,560	(437,360)
<b>Net change in fund balance</b>	<b>(1,373,657)</b>	<b>(3,111,293)</b>	<b>(57,021)</b>	<b>3,054,272</b>
<b>Fund balance - beginning</b>	<b>5,266,689</b>	<b>5,266,689</b>	<b>5,266,689</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 3,893,032</b>	<b>\$ 2,155,396</b>	<b>\$ 5,209,668</b>	<b>\$ 3,054,272</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, 2012*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 6,033,657	\$ 6,108,657	\$ 6,181,172	\$ 72,515
Intergovernmental	304,912	304,912	309,258	4,346
Charges for services	389,500	189,500	166,363	(23,137)
Fines and forfeitures	51,000	51,000	48,734	(2,266)
Grants	60,077	60,077	-	(60,077)
Investment earnings	1,300	1,300	3,115	1,815
Other fees and miscellaneous revenues	209,382	209,382	207,531	(1,851)
<b>Total revenues</b>	<b>7,049,828</b>	<b>6,924,828</b>	<b>6,916,173</b>	<b>(8,655)</b>
<b>Expenditures</b>				
Current:				
Public health and safety	3,026,282	3,181,282	2,965,527	215,755
Capital outlay	22,750	42,750	10,365	32,385
Reserve for contingencies	146,945	146,945	-	146,945
<b>Total expenditures</b>	<b>3,195,977</b>	<b>3,370,977</b>	<b>2,975,892</b>	<b>395,085</b>
Excess (deficiency) of revenues over (under) expenditures	3,853,851	3,553,851	3,940,281	386,430
<b>Other financing sources (uses)</b>				
Transfers in	47,156	647,156	259,229	(387,927)
Transfers out	(4,401,007)	(4,401,007)	(4,397,952)	3,055
Net other financing sources (uses)	(4,353,851)	(3,753,851)	(4,138,723)	(384,872)
<b>Net change in fund balance</b>	<b>(500,000)</b>	<b>(200,000)</b>	<b>(198,442)</b>	<b>1,558</b>
<b>Fund balance - beginning</b>	<b>198,916</b>	<b>198,916</b>	<b>198,916</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ (301,084)</b>	<b>\$ (1,084)</b>	<b>\$ 474</b>	<b>\$ 1,558</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, 2012*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 2,910,064	\$ 2,910,064	\$ 2,970,054	\$ 59,990
Intergovernmental	22,812	22,812	23,202	390
Investment earnings	2,000	2,000	1,583	(417)
Other fees and miscellaneous revenues	190	33,190	32,459	(731)
<b>Total revenues</b>	<b>2,935,066</b>	<b>2,968,066</b>	<b>3,027,298</b>	<b>59,232</b>
<b>Expenditures</b>				
Current:				
Transportation	5,870,194	5,875,883	5,238,056	637,827
Capital outlay	641,000	740,414	398,940	341,474
<b>Total expenditures</b>	<b>6,511,194</b>	<b>6,616,297</b>	<b>5,636,996</b>	<b>979,301</b>
Excess (deficiency) of revenues over (under) expenditures	(3,576,128)	(3,648,231)	(2,609,698)	1,038,533
<b>Other financing sources (uses)</b>				
Transfers in	3,709,519	3,709,519	3,312,040	(397,479)
Transfers out	(241,391)	(616,391)	(588,534)	27,857
Net other financing sources (uses)	3,468,128	3,093,128	2,723,506	(369,622)
<b>Net change in fund balance</b>	<b>(108,000)</b>	<b>(555,103)</b>	<b>113,808</b>	<b>668,911</b>
<b>Fund balance - beginning</b>	<b>666,966</b>	<b>666,966</b>	<b>666,966</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 558,966</b>	<b>\$ 111,863</b>	<b>\$ 780,774</b>	<b>\$ 668,911</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, 2012*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 2,315,934	\$ 2,315,934	\$ 2,013,958	\$ (301,976)
Investment earnings	5,000	5,000	17,341	12,341
<b>Total revenues</b>	<b>2,320,934</b>	<b>2,320,934</b>	<b>2,031,299</b>	<b>(289,635)</b>
<b>Expenditures</b>				
Current:				
Transportation	-	-	269,419	(269,419)
Capital outlay	-	2,754,211	436,566	2,317,645
Reserve for contingencies	100,000	218,540	-	218,540
<b>Total expenditures</b>	<b>100,000</b>	<b>2,972,751</b>	<b>705,985</b>	<b>2,266,766</b>
Excess (deficiency) of revenues over (under) expenditures	2,220,934	(651,817)	1,325,314	1,977,131
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	(3,445,934)	(3,467,036)	(3,312,040)	154,996
Net other financing sources (uses)	(3,445,934)	(3,467,036)	(3,312,040)	154,996
<b>Net change in fund balance</b>	<b>(1,225,000)</b>	<b>(4,118,853)</b>	<b>(1,986,726)</b>	<b>2,132,127</b>
<b>Fund balance - beginning</b>	<b>4,118,853</b>	<b>4,118,853</b>	<b>4,118,853</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 2,893,853</b>	<b>\$ -</b>	<b>\$ 2,132,127</b>	<b>\$ 2,132,127</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, 2012*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 552,700	\$ 552,700	\$ 486,854	\$ (65,846)
Intergovernmental	2,251,427	2,251,427	2,019,153	(232,274)
Grants	-	1,948,000	1,881,794	(66,206)
Investment earnings	300	300	333	33
Other fees and miscellaneous revenues	-	33,500	33,329	(171)
<b>Total revenues</b>	<b>2,804,427</b>	<b>4,785,927</b>	<b>4,421,463</b>	<b>(364,464)</b>
<b>Expenditures</b>				
Current:				
Transportation	137,954	2,744,254	2,541,065	203,189
Debt service	1,196,753	1,196,753	1,201,909	(5,156)
Capital outlay	2,961,361	3,382,598	1,513,002	1,869,596
<b>Total expenditures</b>	<b>4,296,068</b>	<b>7,323,605</b>	<b>5,255,976</b>	<b>2,067,629</b>
Excess (deficiency) of revenues over (under) expenditures	(1,491,641)	(2,537,678)	(834,513)	1,703,165
<b>Other financing sources (uses)</b>				
Transfers in	1,491,641	1,866,641	1,838,784	(27,857)
Transfers out	-	(115,000)	(114,755)	245
Net other financing sources (uses)	1,491,641	1,751,641	1,724,029	(27,612)
<b>Net change in fund balance</b>	<b>-</b>	<b>(786,037)</b>	<b>889,516</b>	<b>1,675,553</b>
<b>Fund balance - beginning</b>	<b>786,038</b>	<b>786,038</b>	<b>786,038</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 786,038</b>	<b>\$ 1</b>	<b>\$ 1,675,554</b>	<b>\$ 1,675,553</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**  
**Gas Tax Bonds, Series 2010**  
**Budget and Actual**

*For the year ended September 30, 2012*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Investment earnings	\$ -	\$ 2,000	\$ 1,685	\$ (315)
<b>Total revenues</b>	-	2,000	1,685	(315)
<b>Expenditures</b>				
Current:				
Transportation	3,786,257	3,568,531	2,200,663	1,367,868
Capital outlay	-	2,400,000	3,353,660	(953,660)
<b>Total expenditures</b>	3,786,257	5,968,531	5,554,323	414,208
Excess (deficiency) of revenues over (under) expenditures	(3,786,257)	(5,966,531)	(5,552,638)	413,893
<b>Other financing sources (uses)</b>				
Loan proceeds	3,786,257	3,807,359	-	(3,807,359)
Net other financing sources (uses)	3,786,257	3,807,359	-	(3,807,359)
<b>Net change in fund balance</b>	-	(2,159,172)	(5,552,638)	(3,393,466)
<b>Fund balance - beginning</b>	5,945,429	5,945,429	5,945,429	-
<b>Fund balance - ending</b>	\$ 5,945,429	\$ 3,786,257	\$ 392,791	\$ (3,393,466)

See accompanying notes to financial statements

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

September 30, 2012

	<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	\$ 224,820	\$ 30,490	\$ 240,184	\$ 495,494
Accounts receivable, net	90,514	8,771	2,115	101,400
Due from other governments	25	-	-	25
<b>Total current assets</b>	<b>315,359</b>	<b>39,261</b>	<b>242,299</b>	<b>596,919</b>
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	607,941	-	-	607,941
Capital assets				
Nondepreciable	5,000	-	16,145	21,145
Depreciable, net	10,700,437	813,155	123,791	11,637,383
<b>Total noncurrent assets</b>	<b>11,313,378</b>	<b>813,155</b>	<b>139,936</b>	<b>12,266,469</b>
<b>Total assets</b>	<b>11,628,737</b>	<b>852,416</b>	<b>382,235</b>	<b>12,863,388</b>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	43,092	20,244	10,485	73,821
Accrued interest payable	17,344	-	-	17,344
Due to other funds	-	5,282	165	5,447
Liabilities payable from restricted assets	28,850	-	-	28,850
Bonds payable - current	77,000	-	-	77,000
<b>Total current liabilities</b>	<b>166,286</b>	<b>25,526</b>	<b>10,650</b>	<b>202,462</b>
Noncurrent liabilities				
Revenue bonds payable	4,563,000	-	-	4,563,000
<b>Total noncurrent liabilities</b>	<b>4,563,000</b>	<b>-</b>	<b>-</b>	<b>4,563,000</b>
<b>Total liabilities</b>	<b>4,729,286</b>	<b>25,526</b>	<b>10,650</b>	<b>4,765,462</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	6,065,437	813,155	139,936	7,018,528
Restricted for				
Debt service	285,001	-	-	285,001
Other purposes	294,090	-	-	294,090
Unrestricted	254,923	13,735	231,649	500,307
<b>Total net assets</b>	<b>\$ 6,899,451</b>	<b>\$ 826,890</b>	<b>\$ 371,585</b>	<b>\$ 8,097,926</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, 2012*

	<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	\$ 946,637	\$ 143,447	\$ 87,620	\$ 1,177,704
<b>Total operating revenues</b>	<b>946,637</b>	<b>143,447</b>	<b>87,620</b>	<b>1,177,704</b>
<b>Operating expenses</b>				
Personal services	173,304	235,786	77,485	486,575
Utilities	113,296	20,918	-	134,214
Services and supplies	225,530	63,229	64,356	353,115
Repairs and maintenance	32,109	24,667	14,764	71,540
Other operating expenses	-	1,437	1,497	2,934
Depreciation	273,081	64,284	20,685	358,050
<b>Total operating expenses</b>	<b>817,320</b>	<b>410,321</b>	<b>178,787</b>	<b>1,406,428</b>
<b>Net operating income (loss)</b>	<b>129,317</b>	<b>(266,874)</b>	<b>(91,167)</b>	<b>(228,724)</b>
<b>Nonoperating revenues (expenses)</b>				
Interest income	9,877	1	217	10,095
Interest expense	(211,150)	-	-	(211,150)
Miscellaneous Revenue	-	404	-	404
<b>Total nonoperating revenues (expenses)</b>	<b>(201,273)</b>	<b>405</b>	<b>217</b>	<b>(200,651)</b>
<b>Income (loss) before contributions and transfers</b>	<b>(71,956)</b>	<b>(266,469)</b>	<b>(90,950)</b>	<b>(429,375)</b>
<b>Transfers, net</b>	<b>-</b>	<b>184,701</b>	<b>-</b>	<b>184,701</b>
<b>Change in net assets</b>	<b>(71,956)</b>	<b>(81,768)</b>	<b>(90,950)</b>	<b>(244,674)</b>
<b>Total net assets - beginning</b>	<b>6,971,407</b>	<b>908,658</b>	<b>462,535</b>	<b>8,342,600</b>
<b>Total net assets - ending</b>	<b>\$ 6,899,451</b>	<b>\$ 826,890</b>	<b>\$ 371,585</b>	<b>\$ 8,097,926</b>

See accompanying notes to financial statements.

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

*For the year ended September 30, 2012*

	<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	\$ 945,663	\$ 140,079	\$ 118,739	\$ 1,204,481
Payments to suppliers	(361,532)	(101,770)	(80,608)	(543,910)
Payments to employees	(173,304)	(235,786)	(77,485)	(486,575)
Net cash provided (used) by operating activities	410,827	(197,477)	(39,354)	173,996
<b>Noncapital financing activities</b>				
Transfers to/from other funds	-	184,701	-	184,701
Advance from/to other funds	-	2,875	164	3,039
Net cash provided (used) by noncapital financing activities	-	187,576	164	187,740
<b>Capital and related financing activities</b>				
Principal payments on capital debt	(73,000)	-	-	(73,000)
Interest payments on capital debt	(211,425)	-	-	(211,425)
Other receipts	-	404	-	404
Net cash (used) provided by capital and related financing activities	(284,425)	404	-	(284,021)
<b>Investing activities</b>				
Interest and dividends	9,877	1	217	10,095
Net cash provided by investing activities	9,877	1	217	10,095
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>136,279</b>	<b>(9,496)</b>	<b>(38,973)</b>	<b>87,810</b>
<b>Cash - beginning of the year</b>	<b>696,482</b>	<b>39,986</b>	<b>279,157</b>	<b>1,015,625</b>
<b>Cash - ending of the year</b>	<b>\$ 832,761</b>	<b>\$ 30,490</b>	<b>\$ 240,184</b>	<b>\$ 1,103,435</b>
<b>Reconciliation of net operating income to net cash (used) provided by operating activities</b>				
Net operating income (loss)	\$ 129,317	\$ (266,874)	\$ (91,167)	\$ (228,724)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	273,081	64,284	20,685	358,050
(Increase) decrease in accounts receivable	(4,849)	(3,368)	31,119	22,902
(Increase) decrease in due from other governments	25	-	-	25
(Increase) decrease in deposits	3,850	-	-	3,850
Increase (decrease) in accounts payable	9,403	8,481	9	17,893
Net cash provided (used) by operating activities	\$ 410,827	\$ (197,477)	\$ (39,354)	\$ 173,996

See accompanying notes to financial statements.

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

*September 30, 2012*

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	<b>Agency Funds</b>
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 837,440
Due from other governmental units	50
<hr/>	
Total assets	\$ 837,490
<hr/> <hr/>	
<b>Liabilities</b>	
Due to others	\$ 367,569
Due to other funds	5,530
Due to other governments	464,391
<hr/>	
Total liabilities	\$ 837,490
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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 is organized to provide explanations, including required disclosures, of the County's financial activities for the fiscal year ended September 30, 2012.

#### **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.

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

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.

When expenditures are incurred for which committed, assigned or unassigned amounts could be used, it is the County's policy to use them in that order.

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.

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

**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.

**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.

**Gas Tax Bond Series 2010** – This fund accounts for activity related to the 2010 gas tax bonds.

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.

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 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	\$ 840,704	\$ 840,704
Non-budgeted revenues and expenditures:		
Revenues other than appropriations from the Board of County Commissioners and related expenditures	(2,754)	(2,754)
Budgetary basis	\$ 837,950	\$ 837,950

**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.

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

**Capital Assets**

The County's capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, right of ways, storm water 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 the government-wide financial statements represent unearned revenues. The deferred revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues reported in governmental fund financial statements represent unearned revenues or revenues which are measurable but not available, and in accordance with the modified accrual basis of accounting, are reported as deferred revenues.

**Accumulated Compensated Absences**

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

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

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

**Long-Term Debt**

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

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

**Governmental Fund Balances**

The County adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Type Definitions* (GASB Statement No. 54) effective October 1, 2010. This GASB Statement clarifies governmental fund balance classifications and fund-type definitions. Fund balances are classified either as non-spendable or spendable. See Note 13.

**Net Assets**

For the year ending September 30, 2012, the County reports net assets as restricted or unrestricted. Restricted net assets have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net assets are comprised of all other balances, including committed, assigned and unassigned.

**Encumbrances**

Encumbrances represent commitments in the form of purchase orders which are chargeable to an appropriation and for which a part of the appropriation is reserved. Encumbrances do not represent expenditures or liabilities. The 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 Independent Auditors' Report.

**NOTE 2 - PROPERTY TAXES**

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Property Appraiser and Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. Florida Statutes permit counties to levy property taxes at a rate of up to 10 mills for general operations. The 2012 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.

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

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

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

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

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 \$17,631,827 and the bank balance was \$19,046,042. 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, 2012, the market value and the carrying value of these funds was \$6,164,040. The funds are carried as a cash equivalent on the balance sheet at September 30, 2012 (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, 2012, 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, 2012. The Fair Value factor for Fund B for September 30, 2012, is .94896811.

As of September 30, 2012, the County had \$6,006,521 and \$157,519 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, 2012, 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, 2012, is 39 days. Next interest rate reset for floating rate securities are used in the calculation of the WAM. Due to the nature of the securities in Fund B, the interest rate risk information required by GASB 40 is not available. An estimate of weighted average life (WAL) is available. In the calculation of WAL, the time at which an expected principal amount is to be received (measured in years) is weighted by the principal amount received at that time divided by the sum of all expected principal payments. The principal amounts used in the WAL calculation are not discounted to present value as they would be in a weighted average duration calculation. The weighted average life (based on expected future cash flows) of Fund B at September 30, 2012, is estimated at 4.08 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, 2012, 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, 2012, the County did not hold any investments that were considered to have a concentration of credit risk.

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

**NOTE 4 - RESTRICTED ASSETS**

The General Fund's cash is restricted as follows:

	<b>Amount</b>
Landfill closure escrow account	\$ 94,940
Technology Escrow	191,227
Sick leave buyback program	273,012
<b>Total</b>	<b>\$ 559,179</b>

The Transportation Trust Fund's cash is restricted for the sick leave buyback program in the amount of \$220,340.

The Gas Tax Bond Series Fund's cash is restricted for road projects in the amount of \$651,899.

The Nonmajor Governmental funds' cash is restricted for the debt service in the amount of \$100,702.

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	\$ 302,345
Investment extension and improvements	305,596
<b>Total</b>	<b>\$ 607,941</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 \$1,440,952 and are shown net of the allowance for doubtful accounts and contractual adjustments of \$956,526. This allowance represents an uncollected billing ratio based on past history of collections and aged accounts receivable listings.

Accounts receivable for the General fund includes \$507,101 from Blue Cross Blue Shield for a pro share refund. It was received subsequent to year end.

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, 2012 are as follows:

**Due to/from Other Funds:**

<b>Receivable Fund</b>	<b>Payable Fund</b>	
General fund	Transportation Trust	\$ 391,098
	Nonmajor governmental funds:	
	Other special revenue funds	60,463
	Proprietary funds:	
	Parks and Recreation	5,282
	Agency funds	5,530
Fine and Forfeitures	General fund	219,917
Transportation Trust	Local Option Gas Tax	1,411,795
Local Option Gas Tax	General fund	1,108,000
	Road construction	1,686
	Gas Tax Bond Series 2010	120,935
Road Construction	Transportation	968,300
	Local Option Gas Tax	3,673
Gas Tax Bond Series 2010	Local Option Gas Tax	21,101
Nonmajor governmental funds	General fund	177,184
	Fines and forfeitures	818,431
	Proprietary funds:	
	Jackson recycling	165
	Other special revenue funds	14,062
<b>Total</b>		<b>\$ 5,327,622</b>

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, 2012, consisted of the following:

<b>Transfers to General Fund from:</b>		
Fines and Forfeiture	\$ 4,397,952	
Nonmajor Governmental fund	2,577,970	
Total		\$ 6,975,922
 <b>Transfers to Fines and Forfeiture from:</b>		
General Fund	\$ 203,952	
Nonmajor Governmental fund	55,277	
Total		259,229
 <b>Transfers to Transportation Trust from:</b>		
Local Option Gas Tax		3,312,040
 <b>Transfers to Road Construction from:</b>		
Transportation Trust	\$ 588,534	
Nonmajor Governmental funds	1,250,250	
Total		1,838,784
 <b>Transfers to Nonmajor Governmental Funds from:</b>		
General fund	\$ 367,534	
Road Construction	114,755	
Nonmajor Governmental funds	1,454	
Total		483,743
<b>Subtotal</b>		<b>12,869,718</b>
 <b>Transfers to Proprietary funds from:</b>		
General fund		184,701
<b>Total interfund transfers</b>		<b>\$ 13,054,419</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, 2012, but not yet received by the County. The majority of these amounts were received in October and November 2012.

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2012, was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land and improvements	\$ 2,350,072	\$ 123,485	\$ -	\$ 2,473,557
Construction in progress	2,443,266	7,231,810	2,544,021	7,131,055
<b>Total capital assets, not being depreciated</b>	<b>4,793,338</b>	<b>7,355,295</b>	<b>2,544,021</b>	<b>9,604,612</b>
Capital assets, being depreciated:				
Buildings and improvements	30,567,122	975,167	-	31,542,289
Equipment	17,621,723	1,322,058	1,499,639	17,444,142
Roads	35,165,412	2,754,388	-	37,919,800
Infrastructure - Sidewalks	1,099,712	-	-	1,099,712
<b>Total capital assets, being depreciated</b>	<b>84,453,969</b>	<b>5,051,613</b>	<b>1,499,639</b>	<b>88,005,943</b>
<b>Less: Total accumulated depreciation</b>	<b>33,936,899</b>	<b>3,415,322</b>	<b>1,499,639</b>	<b>35,852,582</b>
<b>Total capital assets, being depreciated, net</b>	<b>50,517,070</b>	<b>1,636,291</b>	<b>-</b>	<b>52,153,361</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 55,310,408</b>	<b>\$ 8,991,586</b>	<b>\$ 2,544,021</b>	<b>\$ 61,757,973</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	-	-	-	-
Total capital assets, not being depreciated	21,145	-	-	21,145
Capital assets, being depreciated:				
Equipment	14,884,251	-	-	14,884,251
Total capital assets, being depreciated	14,884,251	-	-	14,884,251
Less: Total accumulated depreciation	2,888,818	358,050	-	3,246,868
Total capital assets, being depreciated, net	11,995,433	(358,050)	-	11,637,383
Business-type activities capital assets, net	\$ 12,016,578	\$ (358,050)	\$ -	\$ 11,658,528

Depreciation expense was charged to functions as follows:

<b>Governmental activities</b>	
General government	\$ 252,965
Public safety	630,610
Transportation	1,943,128
Economic environment	28,791
Culture and recreation	91,105
Human services	435,643
Court related	33,080
Total depreciation expense-governmental activities	\$ 3,415,322

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

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

**Business-type activities**

Water and sewer	\$	273,081
Recycling		20,685
Parks and recreation		64,284

Total depreciation expense-business-type activities	\$	358,050
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**NOTE 9 - LONG-TERM LIABILITIES**

Long-term debt activity for the year ended September 30, 2012, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
<b>Governmental activities:</b>					
Revenue bonds	\$ 9,130,650	\$ -	\$ 875,862	\$ 8,254,788	\$ 907,677
Notes payable	-	500,000	-	500,000	46,000
Compensated absences	1,300,825	101,300	16,951	1,385,174	-
Landfill closure and post-closure costs	292,161	-	-	292,161	83,581
<b>Total governmental activities:</b>	<b>10,723,636</b>	<b>601,300</b>	<b>892,813</b>	<b>10,432,123</b>	<b>1,037,258</b>
<b>Business-type activities:</b>					
Revenue bonds	4,713,000	-	73,000	4,640,000	77,000
<b>Total</b>	<b>\$ 15,436,636</b>	<b>\$ 601,300</b>	<b>\$ 965,813</b>	<b>\$ 15,072,123</b>	<b>\$ 1,114,258</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, 2012 are as follows:

FISCAL YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES			
	REVENUE BONDS		NOTES PAYABLE	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2013	\$ 907,677	\$ 293,114	\$ 46,000	\$ 9,731
2014	940,647	259,686	46,000	8,793
2015	974,815	225,044	48,000	7,834
2016	1,010,225	189,637	48,000	6,854
2017	1,046,920	151,940	49,000	5,865
2018-2022	3,374,504	218,893	263,000	13,618
<b>Total</b>	<b>\$ 8,254,788</b>	<b>\$ 1,338,314</b>	<b>\$ 500,000</b>	<b>\$ 52,695</b>

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

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

FISCAL YEAR ENDING SEPTEMBER 30,	BUSINESS-TYPE ACTIVITIES	
	REVENUE BONDS	
	PRINCIPAL	INTEREST
2013	\$ 77,000	\$ 208,130
2014	80,000	204,656
2015	84,000	201,048
2016	87,000	197,256
2017	91,000	193,330
2018-2022	519,000	901,345
2023-2027	647,000	773,164
2028-2032	808,000	613,104
2033-2037	1,007,000	413,461
2038-2042	598,000	203,104
2043-2047	446,000	103,075
2048-2052	196,000	12,731
Total	\$ 4,640,000	\$ 4,024,404

**Governmental Activities**

**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%. Collateralized by pledged revenue generated from certain gas tax revenues.

	\$ 8,254,788
Total revenue bonds	\$ 8,254,788

**Notes Payable**

\$500,000, Series 2012 Note, payable in semi-annual installments of \$54,793 to \$55,845 through 2021, interest at 2.04%. Collateralized by pledged revenue generated from certain gas tax revenues.

	\$ 500,000
Total revenue bonds	\$ 500,000

**NOTE 9 - 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.	\$ 1,280,000
\$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.	1,992,000
\$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.	1,368,000
Total revenue bonds	\$ 4,640,000

**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 16.

**NOTE 10 - 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 10 - 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 11 - EMPLOYEE BENEFITS**

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

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

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

**NOTE 11 - 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>10/01/11 Through 6/30/12</b>	<b>7/01/12 Through 9/30/12</b>
Regular employees	4.91%	5.18%
Senior management	6.27%	6.30%
Elected county officials' class	11.14%	10.23%
Special risk employees	14.10%	14.90%
DROP plan participants	4.42%	5.44%

For the period October 1, 2011 through September 30, 2012, the total payroll for all employees and the retirement contributions for all employees covered by FRS were as follows:

	<b>Payroll Expense</b>	<b>Retirement Contributions</b>
Board of County Commissioners	\$ 7,855,479	\$ 603,427
Clerk of the Circuit Court	1,224,277	56,654
Sheriff	2,850,520	316,380
Property Appraiser	574,325	25,634
Tax Collector	748,308	39,008
Supervisor of Elections	224,810	17,085
<b>Total</b>	<b>\$ 13,477,719</b>	<b>\$ 1,058,188</b>

The County's contributions to the Plan for the years ended September 30, 2012, 2011 and 2010 were \$1,058,188, \$1,798,450 and \$1,883,903 respectively, which equal the required contributions. For the year ended September 30, 2012, retirement contributions represent 7.85% of County's total covered payroll.

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

**NOTE 12 - 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, 2012, 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.

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

**NOTE 13 - FUND BALANCE**

Spendable fund balances are classified based on a hierarchy of the County's ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ending September 30, 2012, the County reports net assets as restricted. Restricted net assets have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Committed net assets have amounts constrained by a specific purpose by the Board of County Commissioners. Assigned net assets have constraints placed on the use of resources by the County's intent to use the resources for specific purposes. Unassigned fund balances have not been restricted, committed or assigned to specific purposes within the general fund.

**Restricted Fund Balance:**

<b>Funds</b>	<b>Purpose</b>		
General Fund	Funding for:		
	Building Department	\$ 256,248	
	Landfill	94,940	
	Tax Deeds	45,635	
Total general fund			\$ 396,823
Special Revenue Fund	Funding for:		
	Gas Tax Bonds Series 2010		392,791
	Nonmajor governmental funds		
	Courts facility fund	\$ 1,146,201	
	Contraband forfeitures	342,671	
	Additional court costs	298,917	
	Local Law Enforcement	163,173	
	Inmate Welfare Fund	244,014	
	Crime prevention	96,689	
	Court construction improvement	52,821	
	Court related operational needs	102,745	
	Anti-drug abuse	75,232	
	Court related technology	51,050	
	Law Library	25,642	
	Drug Court	24,794	
	Modernization of public records	17,080	
Total nonmajor governmental funds			2,641,029
Total restricted fund balance			\$ 3,430,643

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

**NOTE 13 - FUND EQUITY (CONTINUED)**

**Committed Fund Balance**

<b>Funds</b>	<b>Purpose</b>	
General Fund	Funding for:	
	Sick Leave	\$ 273,244
Special Revenue Fund		
	Funding for:	
	Transportation Trust	220,528
	Nonmajor governmental funds	
	Compass Lake MSTU	\$ 432,440
	Jackson County Economic Recovery	62,184
	West Jackson County Dev. Authority	238,278
Total nonmajor governmental funds		732,902
Total committed fund balance		\$ 1,226,674

**Assigned Fund Balance**

<b>Funds</b>	<b>Purpose</b>	
General Fund	Funding for:	
	Technology Escrow	\$ 191,227
	Administration Building Fund	519,882
Total general fund		\$ 711,109
Special Revenue Fund	Funding for:	
	Fines and Forfeitures	474
	Transportation Trust	560,246
	Local Option Gas Tax	2,132,127
	Road Construction	1,675,554
	Nonmajor governmental funds	
	Utility Fee Fund	\$ 1,545,400
	JCDC Tax	1,547,847
	Jackson County Ag Complex	208,692
	Other Debt Service	100,702
	E911	97,264
	Sheriff Aviation Fund	16,751
	Emergency Management Grant	1,000
	Solid Waste Recycling Grant	404
Total nonmajor governmental funds		3,518,060
Total assigned fund balance		\$ 8,597,570

**NOTE 14 - LITIGATION AND CONTINGENT LIABILITIES**

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

**NOTE 15 - RECLASSIFICATION**

Certain 2011 amounts have been reclassified to conform with 2012 classifications. Such reclassification had no effect on reported net income.

**NOTE 16 - 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, 2012, was \$94,940.

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, 2012, 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 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, 2012, 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, 2012:

LAP – Reddoch Road	\$ 1,946,770
Phase 6	\$ 628,308
Various Chipseal Roads	\$ 875,522
CIGP – Compass Lake Drive	\$ 1,025,947
RBEG – BP Water/WW Extension	\$ 326,125

**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 \$249,524 and \$95,039 over ten years.

**NOTE 17 - 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. Subsequent to year end, the County awarded a contract to Finch Fire-N-Water to remove materials affected by the moisture and mold. Total cost of the remediation was \$77,192. This expenditure brings the total amount expended by the Board to \$1,125,225. The full amount should be recovered by the responsible party.

**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 tasks FDEP required at the meeting are listed below with their status:

- 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 site survey was completed in 2012.
- 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 1<sup>st</sup> year well installations were completed in 2012.
  - The 2<sup>nd</sup> year well installation will be completed in 2013. The County has approved \$29,990 for the 2013 well installation.
  - The 3<sup>rd</sup> year well installation will be completed in 2014. The estimated cost is \$29,990.
- Installation of the landfill gas extraction based groundwater remediation system after issuance of the new permit.
  - The landfill gas extraction system installation was completed in 2012.

**NOTE 18 - SUBSEQUENT EVENTS**

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

Subsequent to year end, the County has entered into contracts for various construction projects totaling in excess of \$3 million.

**New Vehicle Maintenance Facility**

Subsequent to year end, the County awarded a construction contract to Kolmetz Construction in the amount of \$848,013 for a new vehicle maintenance facility.

**Community Development Property**

Subsequent to year end, the County entered into a contract for sale with Southeastern Retail Development, LLC for the Community Development property in the amount of \$360,000. The contract allows for 180 days for inspection and allows an additional 120 days for closing if necessary.

**Equipment Purchases**

Subsequent to year end, the County purchased two dump trucks, two backhoes, one front end loader, two motor graders and two squad trucks for the Road Department in the amount of \$1,140,517. Subsequent to year end, the County purchased a pickup truck for the Building Department in the amount of \$18,455 and two zero turn mowers for the Parks and Recycling Department in the amount of \$18,736.

**NOTE 19 - BUDGET**

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

**NOTE 20 - 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 \$98,890.

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

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**NOTE 21 - 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, 2012, there were no terminated employees entitled to benefits but not yet receiving them. The membership of the Plan consisted of:

Active employees	345
Retirees and beneficiaries currently receiving benefits	38
<b>Total membership</b>	<b>383</b>
<hr/>	
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 2012 was \$140,650. The Board contributes the remainder to cover the costs of providing the benefits to the retirees.

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

**NOTE 21 - 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,	2012
Annual required contribution	\$ 446,000
Interest on prior year net OPEB obligation	27,000
Adjustments to annual required contribution	(51,000)
Annual OPEB costs	422,000
Estimated employer contribution made	(196,000)
Increase (decrease) in net OPEB obligation	226,000
Net OPEB obligation, beginning of year	672,000
Estimated net OPEB obligation, end of year	\$ 898,000

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 2012 and the prior two (2) years were as follows:

Fiscal Year Ended	Annual OPEB Costs	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/10	\$321,000	34.9%	\$112,000
9/30/11	\$410,000	42.0%	\$172,000
9/30/12	\$422,000	46.4%	\$196,000

**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, 2012, the actuarial accrued liability of \$3,185,000 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, 2010, for the fiscal date of October 1, 2011 to September 30, 2012, 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, 2012 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 at September 30, 2012 was 15 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
10/01/2010	\$ -	\$3,037,000	\$ 3,037,000	0.00%	N/A	N/A

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

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**NOTE 22 - 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, 2012 was \$20,040.

Minimum future lease payments under operating leases as of September 30, 2012 and for each year until expiration are:

2013	\$	14,415
2014		12,540
2015		12,540
2016		12,540
<hr/>		
<u>Total minimum future lease payments</u>	<u>\$</u>	<u>52,035</u>

## **Supplementary Information**

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

*September 30, 2012*

	Special Revenue Funds					
	Utility Fee	E911	Local Housing Assistance Trust (SHIP)	Courthouse Facility Fund	Jackson County Tourist Development Tax	Emergency Operations Center
<b>Assets</b>						
Cash and cash equivalents	\$ 370,786	\$ 88,154	\$ 74,460	\$ 1,212,329	\$ 1,488,743	\$ 20,755
Restricted cash and cash equivalents	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Due from other funds	818,431	41,680	-	-	27,378	-
Due from other governmental units	356,183	14,773	-	22,359	41,033	-
<b>Total assets</b>	<b>\$ 1,545,400</b>	<b>\$ 144,607</b>	<b>\$ 74,460</b>	<b>\$ 1,234,688</b>	<b>\$ 1,557,154</b>	<b>\$ 20,755</b>
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ -	\$ 14,944	\$ 7,009	\$ 88,487	\$ 9,307	\$ -
Due to other funds	-	-	-	-	-	20,755
Due to other governmental units	-	-	-	-	-	-
Deferred revenue	-	32,399	67,450	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>47,343</b>	<b>74,459</b>	<b>88,487</b>	<b>9,307</b>	<b>20,755</b>
<b>Fund balances</b>						
Restricted	-	-	-	1,146,201	-	-
Committed	-	-	-	-	-	-
Assigned	1,545,400	97,264	-	-	1,547,847	-
Unassigned	-	-	1	-	-	-
<b>Total fund balances</b>	<b>1,545,400</b>	<b>97,264</b>	<b>1</b>	<b>1,146,201</b>	<b>1,547,847</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,545,400</b>	<b>\$ 144,607</b>	<b>\$ 74,460</b>	<b>\$ 1,234,688</b>	<b>\$ 1,557,154</b>	<b>\$ 20,755</b>

See Independent Auditors' Report

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

September 30, 2012

	Special Revenue Funds					Debt Service Funds		Total Non-Major Governmental Funds
	MSTU	Inmate Welfare Fund	Sheriff Contraband Fund	USDA White Drive	Other Special Revenue Funds	EOC Debt Service	Other Debt Service Funds	
<b>Assets</b>								
Cash and cash equivalents	\$ 380,305	\$ 247,615	\$ 338,338	\$ -	\$ 1,500,294	\$ -	\$ -	\$ 5,721,779
Restricted cash and cash equivalents	-	-	-	-	-	-	100,702	100,702
Accounts receivable	54,635	7,478	-	-	4,992	-	-	67,105
Due from other funds	-	-	-	-	122,353	-	-	1,009,842
Due from other governmental units	-	-	-	-	72,847	-	-	507,195
<b>Total assets</b>	<b>\$ 434,940</b>	<b>\$ 255,093</b>	<b>\$ 338,338</b>	<b>\$ -</b>	<b>\$ 1,700,486</b>	<b>\$ -</b>	<b>\$ 100,702</b>	<b>\$ 7,406,623</b>
<b>Liabilities</b>								
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ 159,739	\$ -	\$ -	\$ 279,486
Due to other funds	-	11,079	-	-	42,691	-	-	74,525
Deferred revenue	-	-	-	-	58,271	-	-	158,120
<b>Total liabilities</b>	<b>-</b>	<b>11,079</b>	<b>-</b>	<b>-</b>	<b>260,701</b>	<b>-</b>	<b>-</b>	<b>512,131</b>
<b>Fund balances</b>								
Restricted	-	244,014	338,338	-	912,476	-	-	2,641,029
Committed	432,440	-	-	-	300,462	-	-	732,902
Assigned	-	-	-	-	226,847	-	100,702	3,518,060
Unassigned	2,500	-	-	-	-	-	-	2,501
<b>Total fund balances</b>	<b>434,940</b>	<b>244,014</b>	<b>338,338</b>	<b>-</b>	<b>1,439,785</b>	<b>-</b>	<b>100,702</b>	<b>6,894,492</b>
<b>Total liabilities and fund balances</b>	<b>\$ 434,940</b>	<b>\$ 255,093</b>	<b>\$ 338,338</b>	<b>\$ -</b>	<b>\$ 1,700,486</b>	<b>\$ -</b>	<b>\$ 100,702</b>	<b>\$ 7,406,623</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, 2012*

	Special Revenue Funds					
	Utility Fee	E911	Local Housing Assistance Trust (SHIP)	Courthouse Facility Fund	Jackson County Tourist Development Tax	Emergency Operations Center
<b>Revenues</b>						
Taxes	\$ 2,710,502	\$ -	\$ -	\$ -	\$ 281,047	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	186,519	-	295,218	-	-
Fines and forfeitures	-	-	-	-	-	-
Grants	-	392,828	436,298	-	-	-
Investment earnings	120	1,724	28	660	6,018	-
Other fees and miscellaneous revenues	(9,023)	-	-	-	-	-
<b>Total revenues</b>	<b>2,701,599</b>	<b>581,071</b>	<b>436,326</b>	<b>295,878</b>	<b>287,065</b>	<b>-</b>
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	-
Public health and safety	-	245,269	-	-	-	5,045
Physical environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	-	436,325	-	123,793	-
Human services	-	-	-	-	-	-
Culture/recreation	-	-	-	-	-	-
Court related	-	-	-	42	-	-
Capital outlay	-	362,649	-	450,751	-	-
<b>Total expenditures</b>	<b>-</b>	<b>607,918</b>	<b>436,325</b>	<b>450,793</b>	<b>123,793</b>	<b>5,045</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,701,599</b>	<b>(26,847)</b>	<b>1</b>	<b>(154,915)</b>	<b>163,272</b>	<b>(5,045)</b>
<b>Other financing sources (uses)</b>						
Transfers in	-	27,228	-	-	-	5,757
Transfers out	(3,756,819)	-	-	-	-	-
<b>Net other financing sources (uses)</b>	<b>(3,756,819)</b>	<b>27,228</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,757</b>
<b>Net change in fund balances</b>	<b>(1,055,220)</b>	<b>381</b>	<b>1</b>	<b>(154,915)</b>	<b>163,272</b>	<b>712</b>
<b>Fund balances - beginning</b>	<b>2,600,620</b>	<b>96,883</b>	<b>-</b>	<b>1,301,116</b>	<b>1,384,575</b>	<b>(712)</b>
<b>Fund balances - ending</b>	<b>\$ 1,545,400</b>	<b>\$ 97,264</b>	<b>\$ 1</b>	<b>\$ 1,146,201</b>	<b>\$ 1,547,847</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, 2012*

	Special Revenue Funds				Debt Service Funds		Total Non-Major Governmental Funds	
	MSTU	Inmate Welfare Fund	Sheriff Contraband Fund	USDA White Drive	Other Special Revenue Funds	EOC Debt Service		Other Debt Service Funds
<b>Revenues</b>								
Taxes	\$ 727,124	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,718,673
Intergovernmental	-	-	-	-	19,789	-	-	19,789
Charges for services	-	105,030	-	-	193,937	-	-	780,704
Fines and forfeitures	-	-	89,156	-	150,325	-	-	239,481
Grants	-	-	-	43,913	475,660	-	-	1,348,699
Investment earnings	159	-	1,107	-	1,457	-	668	11,941
Other fees and miscellaneous revenues	-	1,317	-	-	210,969	-	-	203,263
<b>Total revenues</b>	<b>727,283</b>	<b>106,347</b>	<b>90,263</b>	<b>43,913</b>	<b>1,052,137</b>	<b>-</b>	<b>668</b>	<b>6,322,550</b>
<b>Expenditures</b>								
Current:								
General government	166,984	-	-	-	64,711	-	-	231,695
Public health and safety	78,089	49,900	13,351	-	366,571	-	-	758,225
Physical environment	-	-	-	-	73,312	-	-	73,312
Transportation	233,174	-	-	-	-	-	-	233,174
Economic environment	-	-	-	-	194	-	-	560,312
Human service	-	-	-	-	33,420	-	-	33,420
Culture/recreation	245,991	-	-	-	331,049	-	-	577,040
Court related	-	-	-	-	199,586	-	-	199,628
Capital outlay	8,000	-	113,986	158,668	121,618	-	-	1,215,672
<b>Total expenditures</b>	<b>732,238</b>	<b>49,900</b>	<b>127,337</b>	<b>158,668</b>	<b>1,190,461</b>	<b>-</b>	<b>-</b>	<b>3,882,478</b>
Excess (deficiency) of revenues over (under) expenditures	(4,955)	56,447	(37,074)	(114,755)	(138,324)	-	668	2,440,072
<b>Other financing sources (uses)</b>								
Transfers in	-	-	-	114,755	336,003	-	-	483,743
Transfers out	-	(48,708)	-	-	(78,683)	(24)	(717)	(3,884,951)
<b>Net other financing sources (uses)</b>	<b>-</b>	<b>(48,708)</b>	<b>-</b>	<b>114,755</b>	<b>257,320</b>	<b>(24)</b>	<b>(717)</b>	<b>(3,401,208)</b>
<b>Net change in fund balances</b>	<b>(4,955)</b>	<b>7,739</b>	<b>(37,074)</b>	<b>-</b>	<b>118,996</b>	<b>(24)</b>	<b>(49)</b>	<b>(961,136)</b>
<b>Fund balances - beginning</b>	<b>439,895</b>	<b>236,275</b>	<b>375,412</b>	<b>-</b>	<b>1,320,789</b>	<b>24</b>	<b>100,751</b>	<b>7,855,628</b>
<b>Fund balances - ending</b>	<b>\$ 434,940</b>	<b>\$ 244,014</b>	<b>\$ 338,338</b>	<b>\$ -</b>	<b>\$ 1,439,785</b>	<b>\$ -</b>	<b>\$ 100,702</b>	<b>\$ 6,894,492</b>

See Independent Auditors' Report

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

September 30, 2012

	<i>Clerk of the Circuit Court</i>						
	Fine and Forfeiture	Jury and Witness	Tax Deeds	Cash Bonds	Registry	Intangible Tax Fund	Documentary Stamp Fund
<b>Assets</b>							
Cash and cash equivalents	\$ 732	\$ 12,320	\$ 66,342	\$ 109,902	\$ 58,505	\$ 786	\$ 4,744
Due from other governmental units	-	-	50	-	-	-	-
<b>Total assets</b>	<b>\$ 732</b>	<b>\$ 12,320</b>	<b>\$ 66,392</b>	<b>\$ 109,902</b>	<b>\$ 58,505</b>	<b>\$ 786</b>	<b>\$ 4,744</b>
<b>Liabilities</b>							
Due to others	\$ 732	\$ 12,320	\$ 66,392	\$ 109,902	\$ 58,505	\$ -	\$ -
Due to other funds	-	-	-	-	-	786	4,744
Due to other governments	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>\$ 732</b>	<b>\$ 12,320</b>	<b>\$ 66,392</b>	<b>\$ 109,902</b>	<b>\$ 58,505</b>	<b>\$ 786</b>	<b>\$ 4,744</b>

See Independent Auditors' Report

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

*September 30, 2012*

	<i>Board</i>		<i>Tax Collector</i>			<i>Driver's License</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	\$ 82,471	\$ 1,309	\$ 80,351	\$ 371,725	\$ 11,006	\$ 37,247	\$	837,440
Due from other governmental units	-	-	-	-	-	-	-	50
<b>Total assets</b>	<b>\$ 82,471</b>	<b>\$ 1,309</b>	<b>\$ 80,351</b>	<b>\$ 371,725</b>	<b>\$ 11,006</b>	<b>\$ 37,247</b>	<b>\$</b>	<b>837,490</b>
<b>Liabilities</b>								
Due to others	\$ 82,471	\$ -	\$ -	\$ -	\$ -	\$ 37,247	\$	367,569
Due to other funds	-	-	-	-	-	-	-	5,530
Due to other governments	-	1,309	80,351	371,725	11,006	-	-	464,391
<b>Total liabilities</b>	<b>\$ 82,471</b>	<b>\$ 1,309</b>	<b>\$ 80,351</b>	<b>\$ 371,725</b>	<b>\$ 11,006</b>	<b>\$ 37,247</b>	<b>\$</b>	<b>837,490</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, 2012, and have issued our report thereon dated June 20, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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**

Management of the County is responsible for establishing and maintaining effective 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 item, SH06-01 to be a material weakness.

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.12-01, PA06-01 and TC06-01 to be significant deficiencies.

### **Compliance and Other Matters**

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

We also noted certain other matters that we reported to the management of the County in a separate letter dated June 20, 2013.

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.*

June 20, 2013



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

Mailing Address:  
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
EACH MAJOR STATE FINANCIAL ASSISTANCE PROJECT AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH 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 Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major state projects for the year ended September 30, 2012. Jackson County, Florida's major 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 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 and Chapter 10.550, State of Florida Rules of the Auditor General. Those standards 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 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 state projects for the year ended September 30, 2012.

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 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 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 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 state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined below.

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 state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

June 20, 2013

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

*For the year ended September 30, 2012*

State Agency State Program Title State Financial Assistance Projects	CSFA Number	Grant/ Contract Number	Expenditures
<b>Florida Department of Transportation</b>			
<b>Transportation Systems Operations Program</b>			
County Incentive Grant Program - Compass Lake Drive	55.008	AQD02	\$ 469,445
Small County Outreach Program - Lockett Drive	55.009	AQC98	809,976
Small County Outreach Program - State Correctional Rd	55.009	AQ583	140,868
Total Small County Outreach Program			950,844
Small County Road Assistance Program (SCRAP)-Butler Rd	55.016	AQ595	460,578
<b>Total Florida Department of Transportation</b>			<b>1,880,867</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	436,298
<b>Total Florida Housing Finance Corporation</b>			<b>436,298</b>
<b>Florida Department of Environmental Protection</b>			
<b>Small County Grants</b>			
Small County Solid Waste Grant	37.012	118SC	70,587
<b>Total Florida Department of Environmental Protection</b>			<b>70,587</b>
<b>Florida Department of State</b>			
<b>Division of Library and Information Services:</b>			
Library Resources	45.030	11-ST-68	119,323
<b>Total Florida Department of State</b>			<b>119,323</b>
<b>Florida State Court System</b>			
<b>County Article V Trust Fund</b>			
Courthouse Facilities	22.004	n/a	954,980
<b>Total Florida State Court System</b>			<b>954,980</b>
<b>Florida Department of Economic Opportunity</b>			
<b>Division of Emergency Management Programs</b>			
Emergency Management Programs	52.008	13-BG-83-02-41-01-032	22,194
Emergency Management Programs	52.008	12-BG-05-02-41-01-032	91,153
Total Emergency Management Programs			113,347
Emergency Management Projects	52.023	12-CP-03-02-41-01-197	2,974
<b>Total Florida Department of Economic Opportunity</b>			<b>116,321</b>

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

*For the year ended September 30, 2012*

State Agency State Program Title State Financial Assistance Projects	CSFA Number	Grant/ Contract Number	Expenditures
<b>Florida Department of Health</b>			
<b>Community Public Health Program</b>			
County Grant Awards	64.005	C0032	11,785
<b>Total Florida Department of Health</b>			<b>11,785</b>
<b>Florida Department of Agriculture &amp; Consumer Services</b>			
<b>Consumer Protection Program</b>			
Mosquito Control	42.003	16054	32,569
Mosquito Control	42.003	17393	850
<b>Total Florida Department of Agriculture &amp; Consumer Services</b>			<b>33,419</b>
<b>Florida Department of Management Services</b>			
<b>Technology Program</b>			
E911 Fall Grant Maintenance	72.001	<b>11-04-08</b>	17,402
E911 Fall Grant Recorder	72.001	<b>11-04-30</b>	21,813
E911 Summer - System Replacement	72.001	<b>S4-11-06-12</b>	320,659
E911 Summer - Enhanced ALI Database	72.001	<b>S4-11-07-38</b>	25,000
E911 Fall Grant 11-10-28	72.001	<b>11-10-28</b>	1,244
E911 Spring Grant 12-04	72.001	<b>12-04-07</b>	6,171
E911 Spring Grant 12-04	72.001	<b>12-04-22</b>	539
<b>Total Florida Department of Management Services</b>			<b>392,828</b>
<b>Total Expenditures of State Financial Assistance Projects</b>			<b>\$ 4,016,408</b>

**Jackson County, Florida**  
**Notes to Schedule of Expenditures of**  
**State Financial Assistance Projects**  
**For the year ended September 30, 2012**

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**NOTE 1 - BASIS OF ACCOUNTING**

The supplementary Schedule of Expenditures of State Financial Assistance Projects includes the grant activity of Jackson County, Florida (the County). State expenditures are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirement of Chapter 10.550, Rules of the Auditor General. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2 - REPORTING ENTITY**

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

**Jackson County, Florida**  
**Schedule of Findings and Questioned Costs**  
**For the year ended September 30, 2012**

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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 deficiency listed as item SH06-01 to be a material weakness.
3. We noted no 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 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 state financial assistance projects for Jackson County, Florida expresses an unqualified opinion.
6. No audit findings relative to the major 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>State Projects</b>	<b>CSFA No.</b>
Florida Department of Transportation	
County Incentive Grant Program	55.008
Small County Road Outreach Program	55.009
Florida State Court System	
Courthouse Facilities	22.004
Florida Department of Management Services	
E911	72.001

**Jackson County, Florida**  
**Schedule of Findings and Questioned Costs**  
**For the year ended September 30, 2012**

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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 state financial assistance projects.
9. Jackson County, Florida did qualify as a low-risk auditee pursuant to OMB Circular A-133.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

**BOARD OF COUNTY COMMISSIONERS**

**INFORMATION TECHNOLOGY SEGREGATION OF DUTIES, FINDING 12-01**

**COMMENT:** Separation of accounting and administrative functions performed by the information technology administrator is recommended as an effective internal control procedure. The Finance information technology administrator occasionally performs the payroll function and the cash receipt function. As the administrator, she also has access to the entire financial system.

**RECOMMENDATION:** We recommend that the information technology administrator have no duties that require her to participate in the financial accounting function of the County.

**C. FINDINGS – MAJOR STATE PROJECTS**

There were no current year audit findings.

**Jackson County, Florida**  
**Summary Schedule of Prior Audit Findings**  
**For the year ended September 30, 2012**

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

**FINANCIAL STATEMENT AUDIT**

**BOARD OF COUNTY COMMISSIONERS**

**CAPITAL ASSET RECORDS, FINDING 08-04 –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 cannot 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 conducted an extensive search of all land owned. All land that was not previously recorded in the fixed asset records was added to the schedule as of September 30, 2012.

**SHERIFF**

**SEGREGATION OF DUTIES, FINDING SH06-01 – 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 PA06-01 - 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.

See Independent Auditors' Report

**Jackson County, Florida**  
**Summary Schedule of Prior Audit Findings**  
**For the year ended September 30, 2012**

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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 TC06-01- 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, 2012, and have issued our report thereon dated June 20, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 with Requirements that Could Have a Direct and Material Effect on Each Major State Project and On Internal Control Over Compliance In Accordance with Chapter 10.550, Rules of the Auditor General, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated June 20, 2013, 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

- 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:

## **CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

**COMMENT ML 12-02:** Subsequent to year end, approximately \$600 was misappropriated from the recycling department.

**RECOMMENDATION:** We recommend that additional policies and procedures be implemented to strengthen the controls in accounting for funds in the recycling department.

## **PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

### **BOARD OF COUNTY COMMISSIONERS**

**COMMENT ML 06-01:** 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 ML 06-02:** 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 ML 06-03:** 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

## **PRIOR YEAR FINDINGS AND RECOMMENDATIONS - CONTINUED**

### **BOARD OF COUNTY COMMISSIONERS - CONTINUED**

**COMMENT ML 06-04:** 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.

**COMMENT ML 10-01:** 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.

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

**COMMENT ML 11-01:** During the prior year, a child support payment in the amount of \$1,500 was receipted at the jail for an inmate purge; however, the funds went missing.

**RECOMMENDATION:** We recommend that additional policies and procedures be implemented to strengthen the controls in accounting for funds collected at the jail.

**STATUS:** This item has been resolved. The Clerk's office prepared policies and procedures that allow for enhanced control in this area.

- 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, 2012, 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, 2012. In connection with our audit, we determined that these two reports were in agreement.

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

- 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.

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

June 20, 2013



# 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, 2012. 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

### INFORMATION TECHNOLOGY SEGREGATION OF DUTIES

**COMMENT:** Separation of accounting and administrative functions performed by the information technology administrator is recommended as an effective internal control procedure. The Finance information technology administrator occasionally performs the payroll function and the cash receipts function. As the administrator, she also has access to the entire financial system.

**RESPONSE:** Management feels there are appropriate internal control procedures in place to safeguard the integrity of the financial system. In an effort to resolve this comment, effective immediately the Board of County Commissioners information technology staff will perform the administrative related functions necessary.

## MANAGEMENT LETTER COMMENTS

### CURRENT YEAR FINDING

**COMMENT:** Subsequent to year end, approximately \$600 was misappropriated from the recycling department.

**RESPONSE:** The Board of County Commissioners voted to move the custody of cash from the recycling department to the Finance Office. The recycling department issues a receipt of goods to the seller. The seller provides the Finance Office with the receipt and cash is disbursed. The cash box is kept in a locked cabinet and is balanced daily. This finding has been resolved.

### 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.

**COMMENT:** We noted that the Gas Tax Revenue Bonds Series 2010, states that the County shall submit the County's audited financial statement 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:** The County is in the process of requesting an amendment to the resolution that established the 240 day requirement to coincide with the State of Florida 9 months from fiscal year end requirement.

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

Sincerely,

A handwritten signature in blue ink that reads "Chuck Locky". The signature is written in a cursive style with a large, looping flourish at the end.

Chuck Locky  
Chairman



*Sharon Cox, CFA*  
Jackson County Property Appraiser

Post Office Box 1526  
Marianna, Florida 32447

Certified Florida Appraiser

**"WE ARE HERE TO SERVE YOU"**  
June 24, 2013

PHONE: 850--482-9646  
FAX: 850--482-9036

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, 2012. 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  
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FAX: 482-9017

P.O. Box 919 • Marianna, Florida 32447

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

Dear Auditor General Martin,

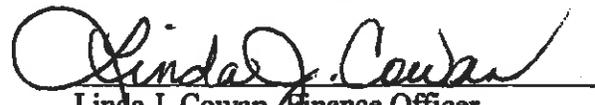
We have received the audit report for the Office of Sheriff, Jackson County Florida for the fiscal year ending September 30, 2012. We have reviewed the Management Letter included in the report. Concerning the items noted in the Management letter, the following response is:

**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. Both Sheriff Roberts and Major Branch receive a copy of our Budget Position Analysis at the end of each month and Major Branch reviews all bank statements. Due to budgetary decreases no new administrative staff positions are expected to be granted by the Board of Commissioners.

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**

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

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

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

June 24, 2013

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, 2012. 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,

Sherry A. Brown, CFC  
Jackson County Tax Collector

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

**Special-Purpose Financial Statements**

**September 30, 2012**

**Jackson County, Florida  
Board of County Commissioners  
SPECIAL-PURPOSE FINANCIAL STATEMENTS  
September 30, 2012**

**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, 2012**

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**Jackson County, Florida**  
**Board of County Commissioners**  
**Table of Contents (continued)**  
**September 30, 2012**

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Marianna, FL 32447

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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, 2012, 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, 2012, and the respective changes in financial position and, where applicable, 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.

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 20, 2013 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 taken as a whole. The accompanying information identified in the table of contents as a combining statement 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 State Financial Assistance Projects is presented for purposes of additional analysis as required by 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 State Financial Assistance Projects are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 in relation to the financial statements taken as a whole.

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

June 20, 2013

## **Special-Purpose Financial Statements**

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

September 30, 2012

	General Fund	Fines and Forfeiture	Transportation Trust	Local Option Gas Tax	Road Construction	Gas Tax Bond Series 2010	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>								
Cash and cash equivalents	\$ 4,299,268	\$ 662,016	\$ 130,016	\$ 2,154,548	\$ 400,378	\$ -	\$ 5,204,392	\$ 12,850,618
Restricted cash and cash equivalents	559,179	-	220,340	-	-	651,899	100,702	1,532,120
Accounts receivable	993,913	-	-	-	-	-	67,036	1,060,949
Inventory	-	-	-	21,101	-	-	-	21,101
Due from other funds	456,843	15,965	1,411,795	1,230,621	971,973	21,101	953,795	5,062,093
Due from constitutional officers	208,478	203,952	-	-	-	-	-	412,430
Due from other governmental units	921,418	141,885	553,238	369,744	767,093	-	488,127	3,241,505
<b>Total assets</b>	<b>\$ 7,439,099</b>	<b>\$ 1,023,818</b>	<b>\$ 2,315,389</b>	<b>\$ 3,776,014</b>	<b>\$ 2,139,444</b>	<b>\$ 673,000</b>	<b>\$ 6,814,052</b>	<b>\$ 24,180,816</b>
<b>Liabilities</b>								
Accounts payable and accrued expense	\$ 675,539	\$ 204,913	\$ 175,217	\$ 207,318	\$ 383,184	\$ 159,274	\$ 279,486	\$ 2,084,931
Interest payable	-	-	-	-	79,020	-	-	79,020
Due to other funds	1,245,102	818,431	1,359,398	1,436,569	1,686	120,935	74,525	5,056,646
Due to constitutional officers	34,258	-	-	-	-	-	-	34,258
Due to other governmental units	267,035	-	-	-	-	-	-	267,035
Deferred revenue	9,697	-	-	-	-	-	149,996	159,693
<b>Total liabilities</b>	<b>2,231,631</b>	<b>1,023,344</b>	<b>1,534,615</b>	<b>1,643,887</b>	<b>463,890</b>	<b>280,209</b>	<b>504,007</b>	<b>7,681,583</b>
<b>Fund balances</b>								
Restricted	396,823	-	-	-	-	392,791	2,056,582	2,846,196
Committed	273,244	-	220,528	-	-	-	732,902	1,226,674
Assigned	711,109	474	560,246	2,132,127	1,675,554	-	3,518,060	8,597,570
Unassigned	3,826,292	-	-	-	-	-	2,501	3,828,793
<b>Total fund balances</b>	<b>5,207,468</b>	<b>474</b>	<b>780,774</b>	<b>2,132,127</b>	<b>1,675,554</b>	<b>392,791</b>	<b>6,310,045</b>	<b>16,499,233</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,439,099</b>	<b>\$ 1,023,818</b>	<b>\$ 2,315,389</b>	<b>\$ 3,776,014</b>	<b>\$ 2,139,444</b>	<b>\$ 673,000</b>	<b>\$ 6,814,052</b>	<b>\$ 24,180,816</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, 2012*

	General Fund	Fines and Forfeiture	Transportation Trust	Local Option Gas Tax	Road Construction	Gas Tax Bond Series 2010	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>								
Taxes	\$ 3,926,926	\$ 6,181,172	\$ 2,970,054	\$ 2,013,958	\$ 486,854	\$ -	\$ 3,718,673	\$ 19,297,637
Licenses and permits	1,264,716	-	-	-	-	-	-	1,264,716
Intergovernmental	4,912,585	309,258	23,202	-	2,019,153	-	19,789	7,283,987
Charges for services	2,672,353	166,363	-	-	-	-	729,415	3,568,131
Fines and forfeitures	26,469	48,734	-	-	-	-	55,728	130,931
Grants	979,377	-	-	-	1,881,794	-	1,270,407	4,131,578
Investment earnings	32,118	3,115	1,583	17,341	333	1,685	10,832	67,007
Other fees and miscellaneous revenues	158,708	207,531	32,459	-	33,329	-	157,148	589,175
<b>Total revenues</b>	<b>13,973,252</b>	<b>6,916,173</b>	<b>3,027,298</b>	<b>2,031,299</b>	<b>4,421,463</b>	<b>1,685</b>	<b>5,961,992</b>	<b>36,333,162</b>
<b>Expenditures</b>								
Current:								
General Government	4,163,109	-	-	-	-	-	224,972	4,388,081
Public health and safety	4,195,960	2,965,527	-	-	-	-	666,914	7,828,401
Physical environment	473,120	-	-	-	-	-	73,312	546,432
Transportation	175,444	-	5,238,056	269,419	2,541,065	2,200,663	233,174	10,657,821
Economic environment	571,573	-	-	-	-	-	560,312	1,131,885
Human services	1,081,240	-	-	-	-	-	33,420	1,114,660
Culture/recreation	439,288	-	-	-	-	-	577,040	1,016,328
Court related	128,467	-	-	-	-	-	139,298	267,765
Capital outlay	2,896,960	10,365	398,940	436,566	1,513,002	3,353,660	1,100,086	9,709,579
Debt service								
Principal	-	-	-	-	875,862	-	-	875,862
Interest and other charges	6,347	-	-	-	326,047	-	-	332,394
<b>Total expenditures</b>	<b>14,131,508</b>	<b>2,975,892</b>	<b>5,636,996</b>	<b>705,985</b>	<b>5,255,976</b>	<b>5,554,323</b>	<b>3,608,528</b>	<b>37,869,208</b>
Excess (deficiency) of revenues over (under) expenditures	(158,256)	3,940,281	(2,609,698)	1,325,314	(834,513)	(5,552,638)	2,353,464	(1,536,046)
<b>Other financing sources (uses)</b>								
Transfers in	2,520,724	259,229	3,312,040	-	1,838,784	-	483,743	8,414,520
Transfers out	(2,919,489)	(4,397,952)	(588,534)	(3,312,040)	(114,755)	-	(3,884,951)	(15,217,721)
Installment loan proceeds	500,000	-	-	-	-	-	-	500,000
<b>Net other financing sources (uses)</b>	<b>101,235</b>	<b>(4,138,723)</b>	<b>2,723,506</b>	<b>(3,312,040)</b>	<b>1,724,029</b>	<b>-</b>	<b>(3,401,208)</b>	<b>(6,303,201)</b>
<b>Net changes in fund balances</b>	<b>(57,021)</b>	<b>(198,442)</b>	<b>113,808</b>	<b>(1,986,726)</b>	<b>889,516</b>	<b>(5,552,638)</b>	<b>(1,047,744)</b>	<b>(7,839,247)</b>
<b>Fund balances - beginning</b>	<b>5,264,489</b>	<b>198,916</b>	<b>666,966</b>	<b>4,118,853</b>	<b>786,038</b>	<b>5,945,429</b>	<b>7,357,789</b>	<b>24,338,480</b>
<b>Fund balances - ending</b>	<b>\$ 5,207,468</b>	<b>\$ 474</b>	<b>\$ 780,774</b>	<b>\$ 2,132,127</b>	<b>\$ 1,675,554</b>	<b>\$ 392,791</b>	<b>\$ 6,310,045</b>	<b>\$ 16,499,233</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, 2012*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 3,862,751	\$ 3,890,951	\$ 3,926,926	\$ 35,975
Licenses and permits	1,400,000	1,260,500	1,264,716	4,216
Intergovernmental	4,859,250	4,900,950	4,912,585	11,635
Charges for services	2,614,250	2,675,250	2,672,353	(2,897)
Fines and forfeitures	26,140	26,140	26,469	329
Grants	-	1,091,500	979,377	(112,123)
Investment earnings	9,000	9,000	32,118	23,118
Other fees and miscellaneous revenues	85,896	161,596	158,708	(2,888)
<b>Total revenues</b>	<b>12,857,287</b>	<b>14,015,887</b>	<b>13,973,252</b>	<b>(42,635)</b>
<b>Expenditures</b>				
Current:				
General government	5,141,094	5,389,594	4,163,109	1,226,485
Public health and safety	4,111,037	4,418,037	4,195,960	222,077
Physical environment	499,301	499,801	473,120	26,681
Transportation	234,838	234,838	175,444	59,394
Economic environment	617,800	617,800	571,573	46,227
Human services	1,131,751	1,368,940	1,081,240	287,700
Culture and recreation	444,930	492,930	439,288	53,642
Court related	209,976	227,450	128,467	98,983
Capital outlay	787,000	3,307,008	2,896,960	410,048
Debt service	-	6,000	6,347	(347)
Reserve for contingencies	-	-	-	-
<b>Total expenditures</b>	<b>13,177,727</b>	<b>16,562,398</b>	<b>14,131,508</b>	<b>2,430,890</b>
Excess (deficiency) of revenues over (under) expenditures	(320,440)	(2,546,511)	(158,256)	2,388,255
<b>Other financing sources (uses)</b>				
Transfers in	2,520,700	2,520,725	2,520,724	(1)
Transfers out	(3,573,917)	(3,585,507)	(2,919,489)	666,018
Installment loan proceeds	-	500,000	500,000	-
Net other financing sources (uses)	(1,053,217)	(564,782)	101,235	666,017
<b>Net change in fund balance</b>	<b>(1,373,657)</b>	<b>(3,111,293)</b>	<b>(57,021)</b>	<b>3,054,272</b>
<b>Fund balance - beginning</b>	<b>5,264,489</b>	<b>5,264,489</b>	<b>5,264,489</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 3,890,832</b>	<b>\$ 2,153,196</b>	<b>\$ 5,207,468</b>	<b>\$ 3,054,272</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, 2012*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 6,033,657	\$ 6,108,657	\$ 6,181,172	\$ 72,515
Intergovernmental	304,912	304,912	309,258	4,346
Charges for services	389,500	189,500	166,363	(23,137)
Fines and forfeitures	51,000	51,000	48,734	(2,266)
Grants	60,077	60,077	-	(60,077)
Investment earnings	1,300	1,300	3,115	1,815
Other fees and miscellaneous revenues	209,382	209,382	207,531	(1,851)
<b>Total revenues</b>	<b>7,049,828</b>	<b>6,924,828</b>	<b>6,916,173</b>	<b>(8,655)</b>
<b>Expenditures</b>				
Current:				
Public health and safety	3,026,282	3,181,282	2,965,527	215,755
Capital outlay	22,750	42,750	10,365	32,385
Reserve for contingencies	146,945	146,945	-	146,945
<b>Total expenditures</b>	<b>3,195,977</b>	<b>3,370,977</b>	<b>2,975,892</b>	<b>395,085</b>
Excess (deficiency) of revenues over (under) expenditures	3,853,851	3,553,851	3,940,281	386,430
<b>Other financing sources (uses)</b>				
Transfers in	47,156	647,156	259,229	(387,927)
Transfers out	(4,401,007)	(4,401,007)	(4,397,952)	3,055
Net other financing sources (uses)	(4,353,851)	(3,753,851)	(4,138,723)	(384,872)
<b>Net change in fund balance</b>	<b>(500,000)</b>	<b>(200,000)</b>	<b>(198,442)</b>	<b>1,558</b>
<b>Fund balance - beginning</b>	<b>198,916</b>	<b>198,916</b>	<b>198,916</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ (301,084)</b>	<b>\$ (1,084)</b>	<b>\$ 474</b>	<b>\$ 1,558</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, 2012*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 2,910,064	\$ 2,910,064	\$ 2,970,054	\$ 59,990
Intergovernmental	22,812	22,812	23,202	390
Investment earnings	2,000	2,000	1,583	(417)
Other fees and miscellaneous revenues	190	33,190	32,459	(731)
<b>Total revenues</b>	<b>2,935,066</b>	<b>2,968,066</b>	<b>3,027,298</b>	<b>59,232</b>
<b>Expenditures</b>				
Current:				
Transportation	5,870,194	5,875,883	5,238,056	637,827
Capital outlay	641,000	740,414	398,940	341,474
<b>Total expenditures</b>	<b>6,511,194</b>	<b>6,616,297</b>	<b>5,636,996</b>	<b>979,301</b>
Excess (deficiency) of revenues over (under) expenditures	(3,576,128)	(3,648,231)	(2,609,698)	1,038,533
<b>Other financing sources (uses)</b>				
Transfers in	3,709,519	3,709,519	3,312,040	(397,479)
Transfers out	(241,391)	(616,391)	(588,534)	27,857
Net other financing sources (uses)	3,468,128	3,093,128	2,723,506	(369,622)
<b>Net change in fund balance</b>	<b>(108,000)</b>	<b>(555,103)</b>	<b>113,808</b>	<b>668,911</b>
<b>Fund balance - beginning</b>	<b>666,966</b>	<b>666,966</b>	<b>666,966</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 558,966</b>	<b>\$ 111,863</b>	<b>\$ 780,774</b>	<b>\$ 668,911</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, 2012*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 2,315,934	\$ 2,315,934	\$ 2,013,958	\$ (301,976)
Investment earnings	5,000	5,000	17,341	12,341
<b>Total revenues</b>	2,320,934	2,320,934	2,031,299	(289,635)
<b>Expenditures</b>				
Current:				
Transportation	-	-	269,419	(269,419)
Capital outlay	-	2,754,211	436,566	2,317,645
Reserve for contingencies	100,000	218,540	-	218,540
<b>Total expenditures</b>	100,000	2,972,751	705,985	2,266,766
Excess (deficiency) of revenues over (under) expenditures	2,220,934	(651,817)	1,325,314	1,977,131
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	(3,445,934)	(3,467,036)	(3,312,040)	154,996
Net other financing sources (uses)	(3,445,934)	(3,467,036)	(3,312,040)	154,996
<b>Net change in fund balance</b>	(1,225,000)	(4,118,853)	(1,986,726)	2,132,127
<b>Fund balance - beginning</b>	4,118,853	4,118,853	4,118,853	-
<b>Fund balance - ending</b>	\$ 2,893,853	\$ -	\$ 2,132,127	\$ 2,132,127

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, 2012*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 552,700	\$ 552,700	\$ 486,854	\$ (65,846)
Intergovernmental Grants	2,251,427	2,251,427	2,019,153	(232,274)
Investment earnings	300	300	333	33
Other fees and miscellaneous revenues	-	33,500	33,329	(171)
<b>Total revenues</b>	<b>2,804,427</b>	<b>4,785,927</b>	<b>4,421,463</b>	<b>(364,464)</b>
<b>Expenditures</b>				
Current:				
Transportation	137,954	2,744,254	2,541,065	203,189
Debt service	1,196,753	1,196,753	1,201,909	(5,156)
Capital outlay	2,961,361	3,382,598	1,513,002	1,869,596
<b>Total expenditures</b>	<b>4,296,068</b>	<b>7,323,605</b>	<b>5,255,976</b>	<b>2,067,629</b>
Excess (deficiency) of revenues over (under) expenditures	(1,491,641)	(2,537,678)	(834,513)	1,703,165
<b>Other financing sources (uses)</b>				
Transfers in	1,491,641	1,866,641	1,838,784	(27,857)
Transfers out	-	(115,000)	(114,755)	245
Net other financing sources (uses)	1,491,641	1,751,641	1,724,029	(27,612)
<b>Net change in fund balance</b>	<b>-</b>	<b>(786,037)</b>	<b>889,516</b>	<b>1,675,553</b>
<b>Fund balance - beginning</b>	<b>786,038</b>	<b>786,038</b>	<b>786,038</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 786,038</b>	<b>\$ 1</b>	<b>\$ 1,675,554</b>	<b>\$ 1,675,553</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**  
**Gas Tax Bonds, Series 2010**  
**Budget and Actual**

*For the year ended September 30, 2012*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Investment earnings	\$ -	\$ 2,000	\$ 1,685	\$ (315)
<b>Total revenues</b>	-	2,000	1,685	(315)
<b>Expenditures</b>				
Current:				
Transportation	3,786,257	3,568,531	2,200,663	1,367,868
Capital outlay	-	2,400,000	3,353,660	(953,660)
<b>Total expenditures</b>	3,786,257	5,968,531	5,554,323	414,208
Excess (deficiency) of revenues over (under) expenditures	(3,786,257)	(5,966,531)	(5,552,638)	413,893
<b>Other financing sources (uses)</b>				
Loan proceeds	3,786,257	3,807,359	-	(3,807,359)
<b>Net other financing sources (uses)</b>	3,786,257	3,807,359	-	(3,807,359)
<b>Net change in fund balance</b>	-	(2,159,172)	(5,552,638)	(3,393,466)
<b>Fund balance - beginning</b>	5,945,429	5,945,429	5,945,429	-
<b>Fund balance - ending</b>	\$ 5,945,429	\$ 3,786,257	\$ 392,791	\$ (3,393,466)

See accompanying notes to financial statements

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

September 30, 2012

	<b>BUSINESS-TYPE ACTIVITIES/ENTERPRISE FUNDS</b>			<b>Total</b>
	<b>Jackson Water/Sewer</b>	<b>NON-MAJOR FUNDS</b>		
		<b>Parks and Recreation</b>	<b>Jackson Recycling</b>	
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 224,820	\$ 30,490	\$ 240,184	\$ 495,494
Accounts receivable, net	90,514	8,771	2,115	101,400
Due from other governments	25	-	-	25
<b>Total current assets</b>	<b>315,359</b>	<b>39,261</b>	<b>242,299</b>	<b>596,919</b>
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	607,941	-	-	607,941
Capital assets				
Nondepreciable	5,000	-	16,145	21,145
Depreciable, net	10,700,437	813,155	123,791	11,637,383
<b>Total noncurrent assets</b>	<b>11,313,378</b>	<b>813,155</b>	<b>139,936</b>	<b>12,266,469</b>
<b>Total assets</b>	<b>11,628,737</b>	<b>852,416</b>	<b>382,235</b>	<b>12,863,388</b>
<b>Liabilities</b>				
Current liabilities				
Accounts payable	43,092	20,244	10,485	73,821
Interest payable	17,344	-	-	17,344
Due to other funds	-	5,282	165	5,447
Liabilities payable from restricted assets	28,850	-	-	28,850
Bonds payable - current	77,000	-	-	77,000
<b>Total current liabilities</b>	<b>166,286</b>	<b>25,526</b>	<b>10,650</b>	<b>202,462</b>
Noncurrent liabilities				
Revenue bonds payable	4,563,000	-	-	4,563,000
<b>Total noncurrent liabilities</b>	<b>4,563,000</b>	<b>-</b>	<b>-</b>	<b>4,563,000</b>
<b>Total liabilities</b>	<b>4,729,286</b>	<b>25,526</b>	<b>10,650</b>	<b>4,765,462</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	6,065,437	813,155	139,936	7,018,528
Restricted for				
Debt service	285,001	-	-	285,001
Other purposes	294,090	-	-	294,090
Unrestricted (deficit)	254,923	13,735	231,649	500,307
<b>Total net assets</b>	<b>\$ 6,899,451</b>	<b>\$ 826,890</b>	<b>\$ 371,585</b>	<b>\$ 8,097,926</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, 2012*

	<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	\$ 946,637	\$ 143,447	\$ 87,620	\$ 1,177,704
<b>Total operating revenues</b>	<b>946,637</b>	<b>143,447</b>	<b>87,620</b>	<b>1,177,704</b>
<b>Operating expenses</b>				
Personal services	173,304	235,786	77,485	486,575
Utilities	113,296	20,918	-	134,214
Services and supplies	225,530	63,229	64,356	353,115
Repairs and maintenance	32,109	24,667	14,764	71,540
Other operating expenses	-	1,437	1,497	2,934
Depreciation	273,081	64,284	20,685	358,050
<b>Total operating expenses</b>	<b>817,320</b>	<b>410,321</b>	<b>178,787</b>	<b>1,406,428</b>
<b>Net operating income (loss)</b>	<b>129,317</b>	<b>(266,874)</b>	<b>(91,167)</b>	<b>(228,724)</b>
<b>Nonoperating revenues (expenses)</b>				
Interest income	9,877	1	217	10,095
Interest expense	(211,150)	-	-	(211,150)
Miscellaneous revenue	-	404	-	404
<b>Total nonoperating revenues (expenses)</b>	<b>(201,273)</b>	<b>405</b>	<b>217</b>	<b>(200,651)</b>
<b>Income (loss) before contributions and transfers</b>	<b>(71,956)</b>	<b>(266,469)</b>	<b>(90,950)</b>	<b>(429,375)</b>
Transfers, net	-	184,701	-	184,701
<b>Change in net assets</b>	<b>(71,956)</b>	<b>(81,768)</b>	<b>(90,950)</b>	<b>(244,674)</b>
<b>Total net assets - beginning</b>	<b>6,971,407</b>	<b>908,658</b>	<b>462,535</b>	<b>8,342,600</b>
<b>Total net assets - ending</b>	<b>\$ 6,899,451</b>	<b>\$ 826,890</b>	<b>\$ 371,585</b>	<b>\$ 8,097,926</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, 2012*

	<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	\$ 945,663	\$ 140,079	\$ 118,739	\$ 1,204,481
Payments to suppliers	(361,532)	(101,770)	(80,608)	(543,910)
Payments to employees	(173,304)	(235,786)	(77,485)	(486,575)
Net cash (used) provided by operating activities	410,827	(197,477)	(39,354)	173,996
<b>Noncapital financing activities</b>				
Transfers to/from other funds	-	184,701	-	184,701
Advances from/to other funds	-	2,875	164	3,039
Net cash provided (used) by noncapital financing activities	-	187,576	164	187,740
<b>Capital and related financing activities</b>				
Principal payments on capital debt	(73,000)	-	-	(73,000)
Interest payments on capital debt	(211,425)	-	-	(211,425)
Other receipts	-	404	-	404
Net cash (used) provided by capital and related financing activities	(284,425)	404	-	(284,021)
<b>Investing activities</b>				
Interest and dividends	9,877	1	217	10,095
Net cash provided by investing activities	9,877	1	217	10,095
<b>Net increase (decrease) in cash and equivalents</b>	<b>136,279</b>	<b>(9,496)</b>	<b>(38,973)</b>	<b>87,810</b>
<b>Cash - beginning of the year</b>	<b>696,482</b>	<b>39,986</b>	<b>279,157</b>	<b>1,015,625</b>
<b>Cash - end of the year</b>	<b>\$ 832,761</b>	<b>\$ 30,490</b>	<b>\$ 240,184</b>	<b>\$ 1,103,435</b>
<b>Reconciliation of net operating income to net cash provided (used) by operating activities</b>				
Net operating income (loss)	\$ 129,317	\$ (266,874)	\$ (91,167)	\$ (228,724)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	273,081	64,284	20,685	358,050
(Increase) decrease in accounts receivable	(4,849)	(3,368)	31,119	22,902
(Increase) decrease in due from other governments	25	-	-	25
(Increase) decrease in deposits	3,850	-	-	3,850
Increase (decrease) in accounts payable	9,403	8,481	9	17,893
Net cash (used) provided by operating activities	\$ 410,827	\$ (197,477)	\$ (39,354)	\$ 173,996

See accompanying notes to financial statements.

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

*September 30, 2012*

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	<b>Agency Funds</b>
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 82,471
<hr/>	
<b>Total assets</b>	<b>\$ 82,471</b>
<hr/>	
<b>Liabilities</b>	
Due to others	\$ 82,471
<hr/>	
<b>Total liabilities</b>	<b>\$ 82,471</b>
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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 accounting principles generally accepted 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.

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 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.

**Gas Tax Bond Series 2010** – This fund accounts for activity related to the 2010 gas tax bonds.

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 Board 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, storm water 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)**

**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 the Independent Auditors' Report.

**Governmental Fund Balances**

The Board adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Type Definitions* (GASB Statement No. 54) effective October 1, 2010. This GASB Statement clarifies governmental fund balance classifications and fund-type definitions. Fund balances are classified either as non-spendable or spendable. See Note 13.

**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 2012 millage rate assessed by the Board 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**  
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**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 \$15,568,644 and the bank balance was \$16,435,927. 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, 2012, the market value and the carrying value of these funds was \$6,164,040. The funds are carried as a cash equivalent on the balance sheet at September 30, 2012 (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, 2012, 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, 2012. The Fair Value factor for Fund B for September 30, 2012, is .94896811.

As of September 30, 2012, the Board had \$6,006,521 and \$157,519 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, 2012, 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, 2012, is 39 days. Next interest rate reset for floating rate securities are used in the calculation of the WAM. Due to the nature of the securities in Fund B, the interest rate risk information required by GASB 40 is not available. An estimate of weighted average life (WAL) is available. In the calculation of WAL, the time at which an expected principal amount is to be received (measured in years) is weighted by the principal amount received at that time divided by the sum of all expected principal payments. The principal amounts used in the WAL calculation are not discounted to present value as they would be in a weighted average duration calculation. The weighted average life (based on expected future cash flows) of Fund B at September 30, 2012, is estimated at 4.08 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, 2012, 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, 2012, 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	\$ 94,940
Technology Escrow	191,227
Sick leave buyback program	273,012
<b>Total</b>	<b>\$ 559,179</b>

The Transportation Trust Fund's cash is restricted for the sick leave buyback program in the amount of \$220,340.

The Gas Tax Bond Series Fund's cash is restricted for road projects in the amount of \$651,899.

The Nonmajor Governmental funds' cash is restricted for the debt service in the amount of \$100,702.

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	\$ 302,345
Investment extension and improvements	305,596
<b>Total</b>	<b>\$ 607,941</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 \$1,440,952 and are shown net of allowance for doubtful accounts of \$956,526. This allowance represents an uncollected billing ratio based on past history of collections and aged accounts receivable listings.

Accounts receivable for the General fund includes \$507,101 from Blue Cross Blue Shield for a pro share refund. It was received subsequent to year end.

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, 2012 consisted of the following:

**Due to/from Other Funds:**

<b>Receivable Fund</b>	<b>Payable Fund</b>	
General fund	Transportation Trust	\$ 391,098
	Nonmajor governmental funds:	
	Other special revenue funds	60,463
	Proprietary funds:	
	Parks and Recreation	5,282
Fines and forfeiture	General fund	4,885
	Nonmajor governmental funds:	
	Other special revenue funds	11,080
Transportation Trust	Local Option Gas Tax	1,411,795
Local Option Gas Tax	General fund	1,108,000
	Road construction	1,686
	Gas Tax Bond Series 2010	120,935
Road Construction	Transportation	968,300
	Local Option Gas Tax	3,673
Gas Tax Bond Series 2010	Local Option Gas Tax	21,101
Nonmajor governmental funds	General fund	132,217
	Fines and forfeiture	818,431
	Proprietary funds:	
	Jackson recycling	165
	Other special revenue funds	2,982
<hr/>		
<b>Total</b>		<b>\$ 5,062,093</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.

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

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

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
Board		
General fund	\$ 208,478	\$ 34,258
Fine and forfeiture	203,952	
Constitutional officers		
Clerk of Courts	-	35,184
Tax Collector	-	119,553
Supervisor of Elections	34,258	-
Property Appraiser	-	53,741
Sheriff	-	203,952
<b>Total</b>	<b>\$ 446,688</b>	<b>\$ 446,688</b>

Interfund transfers for the year ended September 30, 2012, consisted of the following:

**Transfers to General Fund from:**

    Nonmajor Governmental fund \$ 2,520,724

**Transfers to Fines and Forfeiture from:**

Constitutional officer - Sheriff	\$ 203,952	
Nonmajor Governmental fund	55,277	
<b>Total</b>		<b>259,229</b>

**Transfers to Transportation Trust from:**

    Local Option Gas Tax 3,312,040

**Transfers to Road Construction from:**

Transportation Trust	\$ 588,534	
Nonmajor Governmental Funds	1,250,250	
<b>Total</b>		<b>1,838,784</b>

**Transfers to Nonmajor Governmental Funds from:**

General fund	\$ 310,288	
Road Construction	114,755	
Nonmajor Governmental funds	58,700	
<b>Total</b>		<b>483,743</b>

**Subtotal** 8,414,520

**Transfers to Proprietary funds from:**

    General fund 184,701

**Total interfund transfers** **\$ 8,599,221**

**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 (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 another 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, 2012, consisted of the following:

	<b>Amount</b>
Clerk of Courts	\$ 443,857
Supervisor of Elections	545,202
Tax Collector	597,491
Property Appraiser	837,950
Sheriff	4,194,000
<hr/>	
Total	\$ 6,618,500

**NOTE 7 - DUE FROM OTHER GOVERNMENTS**

Due from other governments consists of funds earned as of September 30, 2012, but not yet received by the Board. The majority of these amounts were received in October and November 2012.

**Jackson County, Florida**  
**Board of County Commissioners**  
**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, 2012, 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	\$ 2,350,072	\$ 123,485	\$ -	\$ 2,473,557
Construction in progress	2,389,992	7,231,810	2,490,747	7,131,055
<b>Total capital assets, not being depreciated</b>	<b>4,740,064</b>	<b>7,355,295</b>	<b>2,490,747</b>	<b>9,604,612</b>
Capital assets, being depreciated:				
Buildings and improvements	30,567,122	975,167	-	31,542,289
Equipment	13,650,041	1,075,185	1,086,406	13,638,820
Roads	35,165,412	2,754,388	-	37,919,800
Infrastructure - Sidewalks	1,099,712	-	-	1,099,712
<b>Total capital assets, being depreciated</b>	<b>80,482,287</b>	<b>4,804,740</b>	<b>1,086,406</b>	<b>84,200,621</b>
Less: Total accumulated depreciation	30,630,434	3,172,833	1,086,406	32,716,861
<b>Total capital assets, being depreciated, net</b>	<b>49,851,853</b>	<b>1,631,907</b>	<b>-</b>	<b>51,483,760</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 54,591,917</b>	<b>\$ 8,987,202</b>	<b>\$ 2,490,747</b>	<b>\$ 61,088,372</b>

**Jackson County, Florida**  
**Board of County Commissioners**  
**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	-	-	-	-
Total capital assets, not being depreciated	21,145	-	-	21,145
Capital assets, being depreciated:				
Equipment	14,884,251	-	-	14,884,251
Total capital assets, being depreciated	14,884,251	-	-	14,884,251
Less: Total accumulated depreciation	2,888,818	358,050	-	3,246,868
Total capital assets, being depreciated, net	11,995,433	(358,050)	-	11,637,383
Business-type activities capital assets, net	\$ 12,016,578	\$ (358,050)	\$ -	\$ 11,658,528

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	\$ 222,247
Public safety	427,718
Transportation	1,943,128
Economic environment	28,791
Culture and recreation	91,105
Human services	435,643
Court related	24,201
Total depreciation expense-governmental activities	\$ 3,172,833
<b>Business-type activities:</b>	
Water and Sewer	\$ 273,081
Recycling	20,685
Parks and recreation	64,284
Total depreciation expense-business-type activities	\$ 358,050

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

**NOTE 9 - 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, 2012, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
<b>Governmental activities:</b>					
Revenue bonds	\$ 9,130,650	\$ -	\$ 875,862	\$ 8,254,788	\$ 907,677
Notes payable	-	500,000	-	500,000	46,000
Compensated absences	773,277	-	15,630	757,647	-
Landfill closure and post-closure costs	292,161	-	-	292,161	83,581
Total Governmental activities:	10,196,088	500,000	891,492	9,804,596	1,037,258
<b>Business-type activities:</b>					
Revenue bonds	4,713,000	-	73,000	4,640,000	77,000
Total	\$ 14,909,088	\$ 500,000	\$ 964,492	\$ 14,444,596	\$ 1,114,258

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, 2012 are as follows:

FISCAL YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES			
	REVENUE BONDS		NOTES PAYABLE	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2013	\$ 907,677	\$ 293,114	\$ 46,000	\$ 9,731
2014	940,647	259,686	46,000	8,793
2015	974,815	225,044	48,000	7,834
2016	1,010,225	189,637	48,000	6,854
2017	1,046,920	151,940	49,000	5,865
2018-2022	3,374,504	218,893	263,000	13,618
Total	\$ 8,254,788	\$ 1,338,314	\$ 500,000	\$ 52,695

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

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

FISCAL YEAR ENDING SEPTEMBER 30,	BUSINESS-TYPE ACTIVITIES	
	REVENUE BONDS	
	PRINCIPAL	INTEREST
2013	\$ 77,000	\$ 208,130
2014	80,000	204,656
2015	84,000	201,048
2016	87,000	197,256
2017	91,000	193,330
2018-2022	519,000	901,345
2023-2027	647,000	773,164
2028-2032	808,000	613,104
2033-2037	1,007,000	413,461
2038-2042	598,000	203,104
2043-2047	446,000	103,075
2048-2052	196,000	12,731
Total	\$ 4,640,000	\$ 4,024,404

**Governmental activities**

**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%. Collateralized by pledged revenue generated from certain gas tax revenues.

	\$ 8,254,788
Total revenue bonds	\$ 8,254,788

**Notes Payable**

\$500,000, Series 2012 Note, payable in semi-annual installments of \$54,793 to \$55,845 through 2021, interest at 2.04%. Collateralized by pledged revenue generated from certain gas tax revenues.

	\$ 500,000
Total revenue bonds	\$ 500,000

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

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

**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, 2012 was \$757,647.

Long-term landfill closure and post-closure liability – this obligation relates to long-term landfill post-closure costs. See also Note 15.

**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. \$ 1,280,000

\$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. 1,992,000

\$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. 1,368,000

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Total revenue bonds \$ 4,640,000

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

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**NOTE 10 - 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

**NOTE 11 - 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).

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

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

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**NOTE 11 - 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>10/01/11 Through <u>06/30/12</u></b>	<b>07/01/12 Through <u>09/30/12</u></b>
Regular employees	4.91%	5.18%
Senior management	6.27%	6.30%
Elected county officials' class	11.14%	10.23%
Special risk employees	14.10%	14.90%
DROP plan participants	4.42%	5.44%

Total payroll for the Board employees covered by the System was \$7,855,479 for the year ended September 30, 2012.

The Board's contributions to the Plan for the years ended September 30, 2012, 2011 and 2010 were \$603,427, \$1,026,739, and \$1,080,012 respectively, which equal the required contributions. For the year ended September 30, 2012, retirement contributions represent 7.72% of the Board's total covered payroll.

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

**NOTE 12 - 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, 2012, 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.

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

**NOTE 13 – FUND BALANCE**

Spendable fund balances are classified based on a hierarchy of the Board’s ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ending September 30, 2012, the Board reports net assets as restricted. Restricted net assets have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Committed net assets have amounts constrained by a specific purpose by the Board of County Commissioners. Assigned net assets have constraints placed on the use of resources by the Board’s intent to use the resources for specific purposes. Unassigned fund balances have not been restricted, committed or assigned to specific purposes within the general fund.

At September 30, 2012, fund balance is comprised of the following:

**Restricted Fund Balance:**

<b>Funds</b>	<b>Purpose</b>		
General Fund	Funding for:		
	Building Department	\$ 256,248	
	Landfill	94,940	
	Tax Deeds	45,635	
	<hr/>		
	Total general fund		\$ 396,823
Special Revenue Fund	Funding for:		
	Gas Tax Bonds Series 2010		392,791
	Nonmajor governmental funds		
	Law Library	\$ 25,642	
	Local Law Enforcement	163,171	
	Drug Court	24,794	
	Contraband forfeitures	4,333	
	Crime prevention	96,689	
	Courts facility fund	1,146,201	
	Court construction improvement	52,821	
	Inmate Welfare Fund	244,014	
	Additional court costs	298,917	
	<hr/>		
	Total nonmajor governmental funds		2,056,582
	<hr/>		
	Total restricted fund balance		<u>\$ 2,846,196</u>

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

**NOTE 13 - FUND EQUITY (CONTINUED)**

**Committed Fund Balance**

<b>Funds</b>	<b>Purpose</b>		
General Fund	Funding for:		
	Sick Leave		\$ 273,244
Special Revenue Fund	Funding for:		
	Transportation Trust		220,528
	Nonmajor governmental funds		
	Compass Lake MSTU	\$ 432,440	
	Jackson County Economic Recovery	62,184	
	West Jackson County Dev. Authority	238,278	
			732,902
Total committed fund balance			\$ 1,226,674

**Assigned Fund Balance**

<b>Funds</b>	<b>Purpose</b>		
General Fund	Funding for:		
	Technology Escrow	\$ 191,227	
	Administration Building Fund	519,882	
			\$ 711,109
Special Revenue Fund	Funding for:		
	Fines and Forfeitures		474
	Transportation Trust		560,246
	Local Option Gas Tax		2,132,127
	Road Construction		1,675,554
	Nonmajor governmental funds		
	Utility Fee Fund	\$ 1,545,400	
	JCDC Tax	1,547,847	
	Jackson County Ag Complex	208,692	
	Other Debt Service	100,702	
	E911	97,264	
	Sheriff Aviation Fund	16,751	
	Emergency Management Grant	1,000	
	Solid Waste Recycling Grant	404	
			3,518,060
Total assigned fund balance			\$ 8,597,570

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

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**NOTE 14 - 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.

**NOTE 15 - 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, 2012, was \$94,940.

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, 2012, 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 16 for additional disclosures about the potential additional liability due to contamination at the East Landfill.

**NOTE 16 - COMMITMENTS AND CONTINGENCIES**

**Contractual Commitments**

At September 30, 2012, 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, 2012:

LAP – Reddoch Road	\$ 1,946,770
Phase 6	\$ 628,308
Various Chipseal Roads	\$ 875,522
CIGP – Compass Lake Drive	\$ 1,025,947
RBEg – BP Water/WW Extension	\$ 326,125

**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 \$249,524 and \$95,039 over ten years.

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

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**NOTE 16 - 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 tasks FDEP required at the meeting are listed below with their status:

- 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 site survey was completed in 2012.
- 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 1<sup>st</sup> year well installations were completed in 2012.
  - The 2<sup>nd</sup> year well installation will be completed in 2013. The County has approved \$29,990 for the 2013 well installation.
  - The 3<sup>rd</sup> year well installation will be completed in 2014. The estimated cost is \$29,990.
- Installation of the landfill gas extraction based groundwater remediation system after issuance of the new permit.
  - The landfill gas extraction system installation was completed in 2012.

**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. Subsequent to year end, the County awarded a contract to Finch Fire-N-Water to remove materials affected by the moisture and mold. Total cost of the remediation was \$77,192. This expenditure brings the total amount expended by the Board to \$1,125,225. The full amount should be recovered by the responsible party.

**NOTE 17 - RECLASSIFICATION**

Certain 2011 amounts have been reclassified to conform with 2012 classifications. Such reclassification had no effect on reported excess (deficiency) of revenues over (under) expenditures.

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

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**NOTE 18 - SUBSEQUENT EVENTS**

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

Subsequent to year end, the board has entered into contracts for various construction projects totaling in excess of \$3 million.

**New Vehicle Maintenance Facility**

Subsequent to year end, the Board awarded a construction contract to Kolmetz Construction in the amount of \$848,013 for a new vehicle maintenance facility.

**Community Development Property**

Subsequent to year end, the Board entered into a contract for sale with Southeastern Retail Development, LLC for the Community Development property in the amount of \$360,000. The contract allows for 180 days for inspection and allows an additional 120 days for closing if necessary.

**Equipment Purchases**

Subsequent to year end, the Board purchased two dump trucks, two backhoes, one front end loader, two motor graders and two squad trucks for the Road Department in the amount of \$1,140,517. Subsequent to year end, the Board purchased a pickup truck for the Building Department in the amount of \$18,455 and two zero turn mowers for the Parks and Recycling Department in the amount of \$18,736.

**NOTE 19 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION**

The Board's post-employment benefits other than pension activity are 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 19 - 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 Board’s plan becomes secondary.

**Membership** – At September 30, 2012, there were no terminated employees entitled to benefits but not yet receiving them. The membership of the Plan consisted of:

Active employees	345
Retirees and beneficiaries currently receiving benefits	38
<u>Total membership</u>	<u>383</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 2012 was \$140,650. 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,	<b>2012</b>
Annual required contribution	\$ 446,000
Interest on prior year net OPEB obligation	27,000
Adjustments to annual required contribution	(51,000)
Annual OPEB costs	422,000
Estimated employer contribution made	(196,000)
Increase (decrease) in net OPEB obligation	226,000
Net OPEB obligation, beginning of year	672,000
<u>Estimated net OPEB obligation, end of year</u>	<u>\$ 898,000</u>

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

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**NOTE 19 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)**

**Funded Status and Funding Progress** – As of September 30, 2012, the actuarial accrued liability of \$3,185,000 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, 2010, for the fiscal date of October 1, 2011 to September 30, 2012, 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, 2012 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, 2012 was 15 years.

## **Supplementary Information**

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

*September 30, 2012*

	Special Revenue Funds					
	Utility Fee Fund	E911	Local Housing Assistance Trust (SHIP)	Courthouse Facility Fund	Jackson County Tourist Development Tax	Emergency Operations Center
<b>Assets</b>						
Cash and cash equivalents	\$ 370,786	\$ 88,154	\$ 74,460	\$ 1,212,329	\$ 1,488,743	\$ 20,755
Restricted cash and cash equivalents	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Due from other funds	818,431	41,680	-	-	27,378	-
Due from other governmental units	356,183	14,773	-	22,359	41,033	-
<b>Total assets</b>	<b>\$ 1,545,400</b>	<b>\$ 144,607</b>	<b>\$ 74,460</b>	<b>\$ 1,234,688</b>	<b>\$ 1,557,154</b>	<b>\$ 20,755</b>
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ -	\$ 14,944	\$ 7,009	\$ 88,487	\$ 9,307	\$ -
Due to other funds	-	-	-	-	-	20,755
Deferred revenue	-	32,399	67,450	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>47,343</b>	<b>74,459</b>	<b>88,487</b>	<b>9,307</b>	<b>20,755</b>
<b>Fund balances</b>						
Restricted	-	-	-	1,146,201	-	-
Committed	-	-	-	-	-	-
Assigned	1,545,400	97,264	-	-	1,547,847	-
Unassigned	-	-	1	-	-	-
<b>Total fund balances</b>	<b>1,545,400</b>	<b>97,264</b>	<b>1</b>	<b>1,146,201</b>	<b>1,547,847</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,545,400</b>	<b>\$ 144,607</b>	<b>\$ 74,460</b>	<b>\$ 1,234,688</b>	<b>\$ 1,557,154</b>	<b>\$ 20,755</b>

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

September 30, 2012

	Special Revenue Funds			Debt Service Funds		Total Non-Major Governmental Funds
	MSTU	Inmate Welfare Fund	Other Special Revenue Funds	EOC Debt Service	Other Debt Service	
<b>Assets</b>						
Cash and cash equivalents	\$ 380,305	\$ 247,615	\$ 1,321,245	\$ -	\$ -	\$ 5,204,392
Restricted cash and cash equivalents	-	-	-	-	100,702	100,702
Accounts receivable	54,635	7,478	4,923	-	-	67,036
Due from other funds	-	-	66,306	-	-	953,795
Due from other governmental units	-	-	53,779	-	-	488,127
<b>Total assets</b>	<b>\$ 434,940</b>	<b>\$ 255,093</b>	<b>\$ 1,446,253</b>	<b>\$ -</b>	<b>\$ 100,702</b>	<b>\$ 6,814,052</b>
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ -	\$ -	\$ 159,739	\$ -	\$ -	\$ 279,486
Due to other funds	-	11,079	42,691	-	-	74,525
Deferred revenue	-	-	50,147	-	-	149,996
<b>Total liabilities</b>	<b>-</b>	<b>11,079</b>	<b>252,577</b>	<b>-</b>	<b>-</b>	<b>504,007</b>
<b>Fund balances</b>						
Restricted	-	244,014	666,367	-	-	2,056,582
Committed	432,440	-	300,462	-	-	732,902
Assigned	-	-	226,847	-	100,702	3,518,060
Unassigned	2,500	-	-	-	-	2,501
<b>Total fund balances</b>	<b>434,940</b>	<b>244,014</b>	<b>1,193,676</b>	<b>-</b>	<b>100,702</b>	<b>6,310,045</b>
<b>Total liabilities and fund balances</b>	<b>\$ 434,940</b>	<b>\$ 255,093</b>	<b>\$ 1,446,253</b>	<b>\$ -</b>	<b>\$ 100,702</b>	<b>\$ 6,814,052</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, 2012*

	Special Revenue Funds					
	Utility Fee	E911	Local Housing Assistance Trust (SHIP)	Courthouse Facility Fund	Jackson County Tourist Development Tax	Emergency Operations Center
<b>Revenues</b>						
Taxes	\$ 2,710,502	\$ -	\$ -	\$ -	\$ 281,047	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	186,519	-	295,218	-	-
Fines and forfeitures	-	-	-	-	-	-
Grants	-	392,828	436,298	-	-	-
Investment earnings	120	1,724	28	660	6,018	-
Other fees and miscellaneous revenues	(9,023)	-	-	-	-	-
Total revenues	2,701,599	581,071	436,326	295,878	287,065	-
<b>Expenditures</b>						
Current:						
General government	-	-	-	-	-	-
Public health and safety	-	245,269	-	-	-	5,045
Physical environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	-	436,325	-	123,793	-
Human services	-	-	-	-	-	-
Culture/recreation	-	-	-	-	-	-
Court related	-	-	-	42	-	-
Capital outlay	-	362,649	-	450,751	-	-
Total expenditures	-	607,918	436,325	450,793	123,793	5,045
Excess (deficiency) of revenues over (under) expendit	2,701,599	(26,847)	1	(154,915)	163,272	(5,045)
<b>Other financing sources (uses)</b>						
Transfers in	-	27,228	-	-	-	5,757
Transfers out	(3,756,819)	-	-	-	-	-
Net other financing sources (uses)	(3,756,819)	27,228	-	-	-	5,757
<b>Net change in fund balances</b>	(1,055,220)	381	1	(154,915)	163,272	712
<b>Fund balances - beginning</b>	2,600,620	96,883	-	1,301,116	1,384,575	(712)
<b>Fund balances - ending</b>	\$ 1,545,400	\$ 97,264	\$ 1	\$ 1,146,201	\$ 1,547,847	\$ -

**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, 2012*

	Special Revenue Funds			Debt Service Funds		Total Non-Major Governmental Funds
	MSTU	Inmate Welfare Fund	Other Special Revenue Funds	EOC Debt Service	Other Debt Service Funds	
<b>Revenues</b>						
Taxes	\$ 727,124	\$ -	\$ -	\$ -	\$ -	\$ 3,718,673
Intergovernmental	-	-	19,789	-	-	19,789
Charges for services	-	105,030	142,648	-	-	729,415
Fines and forfeitures	-	-	55,728	-	-	55,728
Grants	-	-	441,281	-	-	1,270,407
Investment earnings	159	-	1,455	-	668	10,832
Other fees and miscellaneous revenues	-	1,317	164,854	-	-	157,148
<b>Total revenues</b>	<b>727,283</b>	<b>106,347</b>	<b>825,755</b>	<b>-</b>	<b>668</b>	<b>5,961,992</b>
<b>Expenditures</b>						
Current:						
General government	166,984	-	57,988	-	-	224,972
Public health and safety	78,089	49,900	288,611	-	-	666,914
Physical environment	-	-	73,312	-	-	73,312
Transportation	233,174	-	-	-	-	233,174
Economic environment	-	-	194	-	-	560,312
Human services	-	-	33,420	-	-	33,420
Culture/recreation	245,991	-	331,049	-	-	577,040
Court related	-	-	139,256	-	-	139,298
Capital outlay	8,000	-	278,686	-	-	1,100,086
<b>Total expenditures</b>	<b>732,238</b>	<b>49,900</b>	<b>1,202,516</b>	<b>-</b>	<b>-</b>	<b>3,608,528</b>
Excess (deficiency) of revenues over (under) expenditures	(4,955)	56,447	(376,761)	-	668	2,353,464
<b>Other financing sources (uses)</b>						
Transfers in	-	-	450,758	-	-	483,743
Transfers out	-	(48,708)	(78,683)	(24)	(717)	(3,884,951)
<b>Net other financing sources (uses)</b>	<b>-</b>	<b>(48,708)</b>	<b>372,075</b>	<b>(24)</b>	<b>(717)</b>	<b>(3,401,208)</b>
<b>Net change in fund balances</b>	<b>(4,955)</b>	<b>7,739</b>	<b>(4,686)</b>	<b>(24)</b>	<b>(49)</b>	<b>(1,047,744)</b>
<b>Fund balances - beginning</b>	<b>439,895</b>	<b>236,275</b>	<b>1,198,362</b>	<b>24</b>	<b>100,751</b>	<b>7,357,789</b>
<b>Fund balances - ending</b>	<b>\$ 434,940</b>	<b>\$ 244,014</b>	<b>\$ 1,193,676</b>	<b>\$ -</b>	<b>\$ 100,702</b>	<b>\$ 6,310,045</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, 2012, and have issued our report thereon dated June 20, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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**

Management of the Board is responsible for establishing and maintaining effective 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 Board'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 12-01 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 20, 2013.

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.

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

June 20, 2013



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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, 2012, and have issued our report thereon dated June 20, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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**

Management of the Board is responsible for establishing and maintaining effective 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 Board'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 12-01 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

### **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 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 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 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 state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, 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 state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

June 20, 2013

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

*For the year ended September 30, 2012*

State Agency State Program Title State Financial Assistance Projects	CSFA Number	Grant/ Contract Number	Expenditures
<b>Florida Department of Transportation</b>			
<b>Transportation Systems Operations Program</b>			
County Incentive Grant Program - Compass Lake Drive	55.008	AQD02	\$ 469,445
Small County Outreach Program - Lockey Drive	55.009	AQC98	809,976
Small County Outreach Program - State Correctional Rd	55.009	AQ583	140,868
Total Small County Outreach Program			950,844
Small County Road Assistance Program (SCRAP)-Butler Rd	55.016	AQ595	460,578
<b>Total Florida Department of Transportation</b>			<b>1,880,867</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	436,298
<b>Total Florida Housing Finance Corporation</b>			<b>436,298</b>
<b>Florida Department of Environmental Protection</b>			
<b>Small County Grants</b>			
Small County Solid Waste Grant	37.012	118SC	70,587
<b>Total Florida Department of Environmental Protection</b>			<b>70,587</b>
<b>Florida Department of State</b>			
<b>Division of Library and Information Services:</b>			
Library Resources	45.030	11-ST-68	119,323
<b>Total Florida Department of State</b>			<b>119,323</b>
<b>Florida State Court System</b>			
<b>County Article V Trust Fund</b>			
Courthouse Facilities	22.004	n/a	954,980
<b>Total Florida State Court System</b>			<b>954,980</b>
<b>Florida Department of Economic Opportunity</b>			
<b>Division of Emergency Management Programs</b>			
Emergency Management Programs	52.008	13-BG-83-02-41-01-032	22,194
Emergency Management Programs	52.008	12-BG-05-02-41-01-032	91,153
Total Emergency Management Programs			113,347
Emergency Management Projects	52.023	12-CP-03-02-41-01-197	2,974
<b>Total Florida Department of Economic Opportunity</b>			<b>116,321</b>

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

*For the year ended September 30, 2012*

State Agency State Program Title State Financial Assistance Projects	CSFA Number	Grant/ Contract Number	Expenditures
<b>Florida Department of Health</b>			
<b>Community Public Health Program</b>			
County Grant Awards	64.005	C0032	11,785
<b>Total Florida Department of Health</b>			<b>11,785</b>
<b>Florida Department of Agriculture &amp; Consumer Services</b>			
<b>Consumer Protection Program</b>			
Mosquito Control	42.003	16054	32,569
Mosquito Control	42.003	17393	850
<b>Total Florida Department of Agriculture &amp; Consumer Services</b>			<b>33,419</b>
<b>Florida Department of Management Services</b>			
<b>Technology Program</b>			
E911 Fall Grant Maintenance	72.001	<b>11-04-08</b>	17,402
E911 Fall Grant Recorder	72.001	<b>11-04-30</b>	21,813
E911 Summer - System Replacement	72.001	<b>S4-11-06-12</b>	320,659
E911 Summer - Enhanced ALI Database	72.001	<b>S4-11-07-38</b>	25,000
E911 Fall Grant 11-10-28	72.001	<b>11-10-28</b>	1,244
E911 Spring Grant 12-04	72.001	<b>12-04-07</b>	6,171
E911 Spring Grant 12-04	72.001	<b>12-04-22</b>	539
<b>Total Florida Department of Management Services</b>			<b>392,828</b>
<b>Total Expenditures of State Financial Assistance Projects</b>			<b>\$ 4,016,408</b>

**Jackson County, Florida  
Board of County Commissioners  
Notes to Schedule of Expenditures of  
State Financial Assistance Projects  
For the year ended September 30, 2012**

---

**NOTE 1 - BASIS OF ACCOUNTING**

The supplementary Schedule of Expenditures of State Financial Assistance Projects include the grant activity of Jackson County Board of County Commissioners (the Board). State expenditures are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirement of Chapter 10.550, Rules of the Auditor General. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2 - REPORTING ENTITY**

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

**Jackson County, Florida**  
**Board of County Commissioners**  
**Schedule of Findings and Questioned Costs**  
**For the year ended September 30, 2012**

---

**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 state financial assistance projects are reported in the Independent Auditor's Report on Compliance and Internal Control Over Compliance Applicable to Each Major State Program.
5. The Independent Auditors' Report on Compliance and Internal Control Over Compliance Applicable to Each Major State Program for the Board expresses an unqualified opinion.
6. No audit findings relative to the major state financial assistance projects for the Board are reported in this schedule.
7. The projects tested as major projects included the following:

<b>State Projects</b>	<b>CSFA No.</b>
Florida Department of Transportation	
County Incentive Grant Program	55.008
Small County Road Outreach Program	55.009
Florida State Court System	
Courthouse Facilities	22.004
Florida Department of Management Services	
E911	72.001

8. The threshold for distinguishing Type A and Type B projects was \$300,000 for major state financial assistance projects.
9. The Board did qualify as a low-risk auditee pursuant to OMB Circular A-133.

**Jackson County, Florida**  
**Board of County Commissioners**  
**Schedule of Findings and Questioned Costs**  
**For the year ended September 30, 2012**

---

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

**INFORMATION TECHNOLOGY SEGREGATION OF DUTIES, FINDING 12-01**

**COMMENT:** Separation of accounting and administrative functions performed by the information technology administrator is recommended as an effective internal control procedure. The Finance information technology administrator occasionally performs the payroll function and the cash receipt function. As the administrator, she also has access to the entire financial system.

**RECOMMENDATION:** We recommend that the information technology administrator have no duties that require her to participate in the financial accounting function of the Board.

**C. FINDINGS - STATE PROJECTS**

There were no current year audit findings.

**Jackson County, Florida  
Board of County Commissioners  
Summary Schedule of Prior Year Audit Findings  
For the year ended September 30, 2012**

---

**PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS**

**FINANCIAL STATEMENT AUDIT**

**CAPITAL ASSET RECORDS, FINDING 08-04 – 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 cannot 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 conducted an extensive search of all land owned. All land that was not previously recorded in the fixed asset records was added to the schedule as of September 30, 2012.



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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, 2012, and have issued our report thereon dated June 20, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. . 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 with Requirements that Could Have a Direct and Material Effect on Each Major State Project and On Internal Control Over Compliance In Accordance with Chapter 10.550, Rules of the Auditor General, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated June 20, 2013, 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 the Board 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:
  
- 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:

### **CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

**COMMENT ML 12-02:** Subsequent to year end, approximately \$600 was misappropriated from the recycling department.

**RECOMMENDATION:** We recommend that additional policies and procedures be implemented to strengthen the controls in accounting for funds in the recycling department.

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

**COMMENT ML 06-01:** 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 segregation of duties be established.

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

**COMMENT ML 06-02:** 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 ML 06-03:** 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 ML 06-04:** 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.

**COMMENT ML 10-01:** 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.

STATUS: This item has not been corrected.

**COMMENT ML 11-01:** During the prior year, a child support payment in the amount of \$1,500 was receipted at the jail for an inmate purge; however, the funds went missing.

RECOMMENDATION: We recommend that additional policies and procedures be implemented to strengthen the controls in accounting for funds collected at the jail.

STATUS: This item has been resolved. The Clerk's office prepared policies and procedures that allow for enhanced control in this area.

- 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, 2012, 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, 2012. 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.

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

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 20, 2013



# 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, 2012. 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

### INFORMATION TECHNOLOGY SEGREGATION OF DUTIES

**COMMENT:** Separation of accounting and administrative functions performed by the information technology administrator is recommended as an effective internal control procedure. The Finance information technology administrator occasionally performs the payroll function and the cash receipts function. As the administrator, she also has access to the entire financial system.

**RESPONSE:** Management feels there are appropriate internal control procedures in place to safeguard the integrity of the financial system. In an effort to resolve this comment, effective immediately the Board of County Commissioners information technology staff will perform the administrative related functions necessary.

## MANAGEMENT LETTER COMMENTS

### CURRENT YEAR FINDING

**COMMENT:** Subsequent to year end, approximately \$600 was misappropriated from the recycling department.

**RESPONSE:** The Board of County Commissioners voted to move the custody of cash from the recycling department to the Finance Office. The recycling department issues a receipt of goods to the seller. The seller provides the Finance Office with the receipt and cash is disbursed. The cash box is kept in a locked cabinet and is balanced daily. This finding has been resolved.

#### 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.

**COMMENT:** We noted that the Gas Tax Revenue Bonds Series 2010, states that the County shall submit the County's audited financial statement 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:** The County is in the process of requesting an amendment to the resolution that established the 240 day requirement to coincide with the State of Florida 9 months from fiscal year end requirement.

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

Sincerely,

A handwritten signature in blue ink that reads "Chuck Locky". The signature is written in a cursive style with a large, looping flourish at the end.

Chuck Locky  
Chairman

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

**Special-Purpose Financial Statements**

**September 30, 2012**

**Jackson County, Florida  
Clerk of the Circuit Court  
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September 30, 2012**

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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, 2012, 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 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, 2012, 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.

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 2, 2013 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 considered in assessing 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. The combining financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 in relation to the financial statements taken as a whole.

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

April 2, 2013

## **Special-Purpose Financial Statements**

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

*September 30, 2012*

	<b>General Fund</b>	<b>Public Records Modernization Trust Fund</b>	<b>Total Governmental Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 99,045	\$ 160,874	\$ 259,919
Accounts receivable	8,253	69	8,322
Due from other funds	5,530	9,932	15,462
<b>Total assets</b>	<b>\$ 112,828</b>	<b>\$ 170,875</b>	<b>\$ 283,703</b>
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$ 16,283	\$ -	\$ 16,283
Due to Board of County Commissioners	35,184	-	35,184
Due to other funds	9,932	-	9,932
Deferred revenue	51,429	-	51,429
<b>Total liabilities</b>	<b>112,828</b>	<b>-</b>	<b>112,828</b>
<b>Fund balances</b>			
Restricted	-	170,875	170,875
<b>Total liabilities and fund balances</b>	<b>\$ 112,828</b>	<b>\$ 170,875</b>	<b>\$ 283,703</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, 2012*

	General Fund	Public Records Modernization Trust Fund	Total Governmental Funds
<b>Revenues</b>			
Intergovernmental	\$ 974,104	\$ -	\$ 974,104
Charges for services	202,371	94,597	296,968
Fines and forfeitures	-	51,289	51,289
Grants	99,890	-	99,890
Interest	168		168
<b>Total revenues</b>	<b>1,276,533</b>	<b>145,886</b>	<b>1,422,419</b>
<b>Expenditures</b>			
Current:			
General government	746,285	6,723	753,008
Court-related	805,930	60,330	866,260
<b>Total expenditures</b>	<b>1,552,215</b>	<b>67,053</b>	<b>1,619,268</b>
Excess (deficiency) of revenues over (under) expenditures	(275,682)	78,833	(196,849)
<b>Other financing sources (uses)</b>			
Transfers in	479,041	-	479,041
Transfers out	(35,184)	-	(35,184)
Transfers to State of Florida	(168,175)	-	(168,175)
<b>Net other financing sources (uses)</b>	<b>275,682</b>	<b>-</b>	<b>275,682</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>78,833</b>	<b>78,833</b>
<b>Fund balances - beginning</b>	<b>-</b>	<b>92,042</b>	<b>92,042</b>
<b>Fund balances - ending</b>	<b>\$ -</b>	<b>\$ 170,875</b>	<b>\$ 170,875</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, 2012*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental	\$ 1,012,000	\$ 1,012,000	\$ 974,104	\$ (37,896)
Charges for services	168,160	168,160	202,371	34,211
Grants	85,000	85,000	99,890	14,890
Interest	-	-	168	168
<b>Total revenues</b>	<b>1,265,160</b>	<b>1,265,160</b>	<b>1,276,533</b>	<b>11,373</b>
<b>Expenditures</b>				
Current				
General government	696,475	696,475	746,285	(49,810)
Court-related	985,728	985,728	805,930	179,798
Reserve for contingency	40,755	40,755	-	40,755
<b>Total expenditures</b>	<b>1,722,958</b>	<b>1,722,958</b>	<b>1,552,215</b>	<b>170,743</b>
Excess (deficiency) of revenues over (under) expenditures	(457,798)	(457,798)	(275,682)	182,116
<b>Other financing sources (uses)</b>				
Transfers in	457,798	457,798	479,041	21,243
Transfers out	-	-	(35,184)	(35,184)
Transfers to State of Florida	-	-	(168,175)	(168,175)
<b>Net other financing sources (uses)</b>	<b>457,798</b>	<b>457,798</b>	<b>275,682</b>	<b>(182,116)</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  
Clerk of the Circuit Court  
Special-Purpose Statement of Fiduciary Net Assets  
Agency Funds**

*September 30, 2012*

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	<b>Agency Funds</b>
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 253,331
Due from other governmental units	50
<hr/>	
Total assets	\$ 253,381
<hr/>	
<b>Liabilities</b>	
Due to other funds	\$ 5,530
Due to others	247,851
<hr/>	
Total liabilities	\$ 253,381
<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 began to receive 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**

---

**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**

---

**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 900 hours. Vacation time is earned depending on the length of employment, with a limit of 225 hours. 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.

**Fund Balance Reporting and Governmental Fund-Type Definitions**

The Clerk adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Type Definitions* (GASB Statement No. 54) effective October 1, 2010. This GASB Statement clarifies governmental fund balance classifications and fund-type definitions. Fund balances are classified either as non-spendable or spendable. See Note 6.

**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 independent 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, 2012, the carrying amount of the Clerk's deposits was \$513,250 and the bank balance was \$927,097. 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, 2012.

**Credit Risk**

At September 30, 2012, the Clerk did not hold any investments.

**Interest Rate Risk**

At September 30, 2012, the Clerk did not hold any investments.

**Custodial Credit Risk**

As of September 30, 2012, the Clerk did not hold any deposits that were considered to have to custodial credit risk.

**Concentration of Credit Risk**

At September 30, 2012, 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, 2012, 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</b>					
<b>activities:</b>					
Compensated absences	\$ 46,819	\$ 4,282	\$ -	\$ 51,101	\$ -
<b>Total</b>	<b>\$ 46,819</b>	<b>\$ 4,282</b>	<b>\$ -</b>	<b>\$ 51,101</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**

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

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

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

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

of-living adjustments. Generally, membership is compulsory for all full-time and part-time employees. Prior to July 1, 2011, retirement coverage was employee noncontributory. Effective July 1, 2011 the Florida Legislature mandated all employees contribute 3% to their retirement coverage with immediate vesting of their contributions.

The funding 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>10/01/11 Through 06/30/12</b>	<b>07/01/12 Through 09/30/12</b>
Regular employees	4.91%	5.18%
Senior management	6.27%	6.30%
Elected county officials' class	11.14%	10.23%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2011 through September 30, 2012, the total payroll for all employees was \$1,224,277. The retirement contributions for all employees covered by the System for the years ended September 30, 2012, 2011 and 2010 were \$56,654, \$134,887 and \$125,325 which were the required contributions. For the year ended September 30, 2012 retirement contributions represented 4.63% 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, 2012, the amounts received and unearned were \$51,429.

**NOTE 6 - FUND EQUITY**

Spendable fund balances are classified based on a hierarchy of the Clerk's ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ending September 30, 2012, the Clerk reports net assets as restricted. Restricted net assets have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unassigned fund balances have not been restricted, committed or assigned to specific purposes within the general fund.

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

**NOTE 6 – FUND EQUITY (CONTINUED)**

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

<b>Funds</b>	<b>Purpose</b>	
Public	Funding for:	
Records		
Modernization		
Trust Fund		
	Modernization of Public Records	\$ 17,080
	Court-related technology	51,050
	Court-related operational needs and program enhancements	102,745
Total restricted fund equity		\$ 170,875

**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 \$99,890.

**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 \$35,184 as of September 30, 2012.

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 July 1, 2011 through June 30, 2012 totaled \$168,175 and were remitted to DOR as of August 15, 2012.

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

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**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, 2012*

	Fine and Forfeiture	Jury and Witness	Suspense	Cash Bonds	Registry	Intangible Tax Fund	Documentary Stamp Fund	Total
<b>Assets</b>								
Cash and cash equivalents	\$ 732	\$ 12,320	\$ 66,342	\$ 109,902	\$ 58,505	\$ 786	\$ 4,744	\$ 253,331
Due from other governmental units	-	-	50	-	-	-	-	50
<b>Total assets</b>	<b>\$ 732</b>	<b>\$ 12,320</b>	<b>\$ 66,392</b>	<b>\$ 109,902</b>	<b>\$ 58,505</b>	<b>\$ 786</b>	<b>\$ 4,744</b>	<b>\$ 253,381</b>
<b>Liabilities</b>								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 786	\$ 4,744	\$ 5,530
Due to others	732	12,320	66,392	109,902	58,505	-	-	247,851
<b>Total liabilities</b>	<b>\$ 732</b>	<b>\$ 12,320</b>	<b>\$ 66,392</b>	<b>\$ 109,902</b>	<b>\$ 58,505</b>	<b>\$ 786</b>	<b>\$ 4,744</b>	<b>\$ 253,381</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**

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, 2012, and have issued our report thereon dated April 2, 2013. 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**

Management of the Clerk is responsible for establishing and maintaining effective 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

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. 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.

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 2, 2013



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## 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, 2012, and have issued our report thereon dated .

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 2, 2013, 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.

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

April 2, 2013

**Jackson County, Florida  
Property Appraiser**

**Special-Purpose Financial Statements**

September 30, 2012

**Jackson County, Florida**  
**Property Appraiser**  
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**September 30, 2012**

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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, 2012, 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 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, 2012, 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 June 18, 2013, 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.*

June 18, 2013

## **Special-Purpose Financial Statements**

**Jackson County, Florida**  
**Property Appraiser**  
**Special-Purpose Balance Sheet**  
**Governmental Funds**

*September 30, 2012*

	<b>General Fund</b>
<b>Assets</b>	
Cash	\$ 62,634
<b>Total assets</b>	<b>\$ 62,634</b>
<b>Liabilities</b>	
Accounts payable and accrued expenses	\$ 8,893
Due to Board of County Commissioners	53,741
<b>Total liabilities</b>	<b>62,634</b>
<b>Fund balance</b>	<b>-</b>
<b>Total liabilities and fund balance</b>	<b>\$ 62,634</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, 2012*

		<b>General Fund</b>
<b>Revenues</b>		
Charges for services	\$	2,752
Interest earnings		2
<hr/>		
Total revenues		2,754
<hr/>		
<b>Expenditures</b>		
Current:		
General government		835,704
Capital Outlay		5,000
<hr/>		
Total expenditures		840,704
<hr/>		
Excess (deficiency) of revenues over (under) expenditures		(837,950)
<hr/>		
<b>Other financing sources (uses)</b>		
Transfers in		891,691
Transfers out		(53,741)
<hr/>		
Net other financing sources (uses)		837,950
<hr/>		
<b>Net change in fund balance</b>		-
<hr/>		
<b>Fund balance - beginning</b>		-
<hr/>		
<b>Fund balance - ending</b>	\$	-

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, 2012*

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
<b>Expenditures</b>				
Current:				
General government	\$ 882,195	\$ 880,574	\$ 832,950	\$ 47,624
Capital outlay	6,442	11,117	5,000	6,117
Total expenditures	888,637	891,691	837,950	53,741
Excess (deficiency) of revenues over (under) expenditures	(888,637)	(891,691)	(837,950)	53,741
<b>Other financing sources (uses)</b>				
Transfer in	888,637	891,691	891,691	-
Transfer out	-	-	(53,741)	(53,741)
Net other financing sources (uses)	888,637	891,691	837,950	(53,741)
<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	\$ 840,704	\$ 840,704
Non-budgeted revenues and expenditures:		
Revenues other than appropriations from the Board of County Commissioners and related expenditures	(2,754)	(2,754)
Budgetary basis	\$ 837,950	\$ 837,950

**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 Independent Auditors' Report.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

At September 30, 2012, the carrying amount of the Property Appraiser's cash and cash equivalents was \$62,634 and the bank balance was \$84,485. 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, 2012, the Property Appraiser did not hold any deposits or investments that were considered to have credit risk.

**Interest Rate Risk**

At September 30, 2012, the Property Appraiser did not hold any investments that were considered to have interest rate risk.

**Custodial Credit Risk**

At September 30, 2012, the Property Appraiser did not hold any deposits or investments that were considered to have custodial risk.

**Concentration of Credit Risk**

At September 30, 2012, 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, 2012, 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	\$ 24,354	\$ -	\$ 1,321	\$ 23,033	\$ -
<b>Total</b>	<b>\$ 24,354</b>	<b>\$ -</b>	<b>\$ 1,321</b>	<b>\$ 23,033</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**

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

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

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

	<b>10/01/11 Through 6/30/12</b>	<b>07/01/12 Through 09/30/12</b>
Regular class	4.91%	5.18%
Senior management	6.27%	6.30%
Elected county officials	11.14%	10.23%

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

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**NOTE 4- EMPLOYEE BENEFITS (CONTINUED)**

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 \$574,325 at September 30, 2012. The Property Appraiser's contribution to the plan for the years ended September 30, 2012, 2011, and 2010 was \$25,634, \$57,719, and \$76,511, which were the required contributions. For the year ended September 30, 2012 retirement contributions represent 4.46% of covered payroll.

**NOTE 5 - EXCESS REVENUE**

Pursuant to Section 218.36(2), Florida Statutes, each County Officer shall pay into the County general fund all money in excess of the sum to which he or she is entitled under the provisions of Chapter 145. For the year ending September 30, 2012, excess revenues over expenditures of \$53,741 are accrued and reported as transfers out to the Board of County Commissioners.

## **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**

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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, 2012, and have issued our report thereon dated June 18, 2013. 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**

Management of the Property Appraiser is responsible for establishing and maintaining effective 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 opinion 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 in comment PA06-01, 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 PA06-01**

**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.

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

June 18, 2013



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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, 2012, and have issued our report thereon dated June 18, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 June 18, 2013. 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. 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, 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 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 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.*

June 18, 2013



*Sharon Cox, CFA*  
Jackson County Property Appraiser

Post Office Box 1526  
Marianna, Florida 32447

Certified Florida Appraiser

**"WE ARE HERE TO SERVE YOU"**  
June 24, 2013

PHONE: 850-482-9646  
FAX: 850-482-9036

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, 2012. 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, 2012**

**Jackson County, Florida**  
**Sheriff**  
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**September 30, 2012**

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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, 2012, 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, 2012, 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 June 20, 2013, 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 a combining statement is presented for purposes of additional analysis and is not a required part of the financial statements. The combining financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 in relation to the financial statements taken as a whole.

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

June 20, 2013

## **Special-Purpose Financial Statements**

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

September 30, 2012

	General Fund	Contraband Forfeitures	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash	\$ 441,681	\$ 338,338	\$ 18,175	\$ 798,194
Due from other governmental units	-	-	65,183	65,183
<b>Total assets</b>	<b>\$ 441,681</b>	<b>\$ 338,338</b>	<b>\$ 83,358</b>	<b>\$ 863,377</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 191,614	\$ -	\$ -	\$ 191,614
Due to Board of County Commissioners	203,952	-	-	203,952
Due to other funds	46,115	-	-	46,115
Deferred revenue	-	-	8,124	8,124
<b>Total liabilities</b>	<b>441,681</b>	<b>-</b>	<b>8,124</b>	<b>449,805</b>
<b>Fund balances</b>				
Restricted	-	338,338	75,234	413,572
<b>Total liabilities and fund balances</b>	<b>\$ 441,681</b>	<b>\$ 338,338</b>	<b>\$ 83,358</b>	<b>\$ 863,377</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, 2012*

	General Fund	Contraband Forfeitures	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Fines and forfeitures	\$ -	\$ 89,156	\$ -	\$ 89,156
Grants	-	-	78,292	78,292
Investment earnings	-	1,107	2	1,109
Other fees and miscellaneous revenues	-	-	46,115	46,115
<b>Total revenues</b>	-	90,263	124,409	214,672
<b>Expenditures</b>				
Current:				
Public safety	4,194,000	13,351	77,960	4,285,311
Capital outlay	-	113,986	1,600	115,586
<b>Total expenditures</b>	4,194,000	127,337	79,560	4,400,897
Excess (deficiency) of revenues over (under) expenditures	(4,194,000)	(37,074)	44,849	(4,186,225)
<b>Other financing sources (uses)</b>				
Transfers in	4,397,952	-	-	4,397,952
Transfers out	(203,952)	-	-	(203,952)
<b>Net other financing sources (uses)</b>	4,194,000	-	-	4,194,000
<b>Net change in fund balances</b>	-	(37,074)	44,849	7,775
<b>Fund balances - beginning</b>	-	375,412	30,385	405,797
<b>Fund balances - ending</b>	\$ -	\$ 338,338	\$ 75,234	\$ 413,572

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, 2012*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Expenditures</b>				
Current:				
Public safety	\$ 4,381,362	\$ 4,381,362	\$ 4,194,000	\$ 187,362
Reserve for contingency	16,590	16,590	-	16,590
Total expenditures	4,397,952	4,397,952	4,194,000	203,952
Excess (deficiency) of revenues over (under) expenditures	(4,397,952)	(4,397,952)	(4,194,000)	203,952
<b>Other financing sources (uses)</b>				
Transfers in	4,397,952	4,397,952	4,397,952	-
Transfers out	-	-	(203,952)	(203,952)
Total other financing sources	4,397,952	4,397,952	4,194,000	(203,952)
<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, 2012*

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		<b>Agency Funds</b>
<hr/>		
<b>Assets</b>		
Cash	\$	37,247
<hr/>		
Total assets	\$	37,247
<hr/>		
<b>Liabilities</b>		
Due to others	\$	37,247
<hr/>		
Total liabilities	\$	37,247
<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 and 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.

**Fund Balance Reporting and Governmental Fund-Type Definitions**

The Sheriff adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Type Definitions* (GASB Statement No. 54) effective October 1, 2010. This GASB Statement clarifies governmental fund balance classifications and fund-type definitions. Fund balances are classified either as non-spendable or spendable. See Note 10.

**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 Independent Auditors' Report.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

At September 30, 2012, the carrying amount of the Sheriff's cash and cash equivalents and restricted cash was \$835,441 and the bank balance was \$851,005. 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, 2012, the Sheriff did not hold any deposits or investments that were considered to have credit risk.

**Interest Rate Risk**

At September 30, 2012, the Sheriff did not hold any investments that were considered to have interest rate risk.

**Custodial Credit Risk**

At September 30, 2012, the Sheriff did not hold any deposits or investments that were considered to have custodial credit risk.

**Concentration of Credit Risk**

At September 30, 2012, 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, 2012.

**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, 2012, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTION S	ENDING BALANCE	DUE WITHIN ONE YEAR
<b>Governmental activities:</b>					
Compensated absences	\$ 396,460	\$ 89,419	\$ -	\$ 485,879	\$ -
<b>Total</b>	<b>\$ 396,460</b>	<b>\$ 89,419</b>	<b>\$ -</b>	<b>\$ 485,879</b>	<b>\$ -</b>

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

**NOTE 5 - EMPLOYEE PENSION PLAN**

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

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

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

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**NOTE 5 - 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:

	<b>10/01/11 Through <u>06/30/12</u></b>	<b>07/01/12 Through <u>9/30/12</u></b>
Regular employees	4.91%	5.18%
Senior management	6.27%	6.30%
Elected county officials	11.14%	10.23%
Special risk employees	14.10%	14.90%
DROP participants	4.42%	5.44%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2011 through September 30, 2012, the total payroll for all employees was \$2,850,520. The retirement contributions for all employees covered by the System for the years ended September 30, 2012, 2011 and 2010 were \$316,380, \$486,974 and \$ 501,902 which were the required contributions. For the year ended September 30, 2012 retirement contributions represented 11.10% of covered payroll.

**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, 2012, 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.

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

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**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. For the year ending September 30, 2012, excess revenues over expenditures of \$203,952 are accrued and reported as transfers out to the Board of County Commissioners.

**NOTE 10 - FUND EQUITY**

Spendable fund balances are classified based on a hierarchy of the Sheriff's ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ending September 30, 2012, the Sheriff reports net assets as restricted. Restricted net assets have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Assigned net assets have constraints placed on the use of resources by the Sheriff's intent to use the resources for specific purposes. Unassigned fund balances have not been restricted, committed or assigned to specific purposes within the general fund.

## **Supplementary Information**

**Jackson County, Florida  
Sheriff  
Combining Balance Sheet  
Nonmajor Governmental Funds  
All Special Revenue Funds**

*September 30, 2012*

	Anti-Drug Abuse Grant	Operation Undertaker Grant	Local Law Enforcement	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash	\$ 10,049	\$ 8,031	\$ 95	\$ 18,175
Due from other governments	65,183	-	-	65,183
<b>Total assets</b>	<b>\$ 75,232</b>	<b>\$ 8,031</b>	<b>\$ 95</b>	<b>\$ 83,358</b>
<b>Liabilities</b>				
Deferred revenue	\$ -	\$ 8,031	\$ 93	\$ 8,124
<b>Total liabilities</b>	<b>-</b>	<b>8,031</b>	<b>93</b>	<b>8,124</b>
<b>Fund balances</b>				
Restricted	75,232	-	2	75,234
<b>Total liabilities and fund balances</b>	<b>\$ 75,232</b>	<b>\$ 8,031</b>	<b>\$ 95</b>	<b>\$ 83,358</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, 2012*

	Anti-Drug Abuse Grant	Operation Undertaker Grant	Local Law Enforcement	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Grants	\$ 45,532	\$ 5,899	\$ 26,861	\$ 78,292
Investment earnings	-	-	2	2
Other fees and miscellaneous revenues	46,115	-	-	46,115
Total revenues	91,647	5,899	26,863	124,409
<b>Expenditures</b>				
Current:				
Public safety	45,200	5,899	26,861	77,960
Capital outlay	1,600	-	-	1,600
Total expenditures	46,800	5,899	26,861	79,560
<b>Net change in fund balances</b>	44,847	-	2	44,849
<b>Fund balances - beginning</b>	30,385	-	-	30,385
<b>Fund balances - ending</b>	\$ 75,232	\$ -	\$ 2	\$ 75,234



Carr, Riggs & Ingram, LLC  
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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**

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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, 2012, and have issued our report thereon dated June 20, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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**

Management of the Jackson County Sheriff is responsible for establishing and maintaining effective internal control over financial planning. 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.

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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Jackson County, Florida, Sheriff's special-purpose financial statements will not be prevented, or detected and corrected on a timely basis. As described below, we consider the deficiency SH06-01 to be a material weakness.

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 Louis S. Roberts, III  
Sheriff of Jackson County, Florida  
Marianna, Florida

## **PRIOR YEAR COMMENT**

### **Need for Segregation of Duties – SH06-01**

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

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

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

## **Compliance and Other Matters**

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

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.

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.

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

June 20, 2013



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

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## 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, 2012, and have issued our report thereon dated June 20, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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*. Disclosures in that report, which are dated June 20, 2013, 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 law, 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.

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.*

June 20, 2013



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

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

Dear Auditor General Martin,

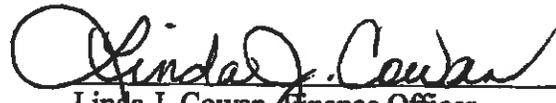
We have received the audit report for the Office of Sheriff, Jackson County Florida for the fiscal year ending September 30, 2012. We have reviewed the Management Letter included in the report. Concerning the items noted in the Management letter, the following response is:

**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. Both Sheriff Roberts and Major Branch receive a copy of our Budget Position Analysis at the end of each month and Major Branch reviews all bank statements. Due to budgetary decreases no new administrative staff positions are expected to be granted by the Board of Commissioners.

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  
Supervisor of Elections**

**Special-Purpose Financial Statements**

**September 30, 2012**

**Jackson County, Florida**  
**Supervisor of Elections**  
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**September 30, 2012**

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Sylvia Stephens  
Supervisor of Elections of Jackson County, Florida  
Marianna, Florida

We have audited the accompanying special-purpose financial statements of the Jackson County, Florida, Supervisor of Elections (the "Supervisor of Elections") as of and for the year ended September 30, 2012, as listed in the table of contents. These special-purpose financial statements are the responsibility of management of the Supervisor of Elections. 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 Supervisor of Elections' financial statements are special-purpose financial statements presenting only the financial position and results of operations of the Supervisor of Elections. These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of 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 Supervisor of Elections.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Supervisor of Elections as of September 30, 2012, 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 (GAAP) in the United States of America.

To the Honorable Sylvia Stephens  
Supervisor of Elections of Jackson County, Florida  
Marianna, Florida

In accordance with *Government Auditing Standards*, we have also issued a report dated June 18, 2013 on our consideration of the Supervisor of Elections' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

June 18, 2013

## **Special-Purpose Financial Statements**

**Jackson County, Florida  
Supervisor of Elections  
Special-Purpose Balance Sheet  
Governmental Funds**

*September 30, 2012*

	<b>General Fund</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,740
Restricted cash and cash equivalents	9,102
Accounts receivable	6,976
Due from Board of County Commissioners	34,258
<b>Total assets</b>	<b>\$ 52,076</b>
<b>Liabilities</b>	
Accounts payable and accrued expenses	\$ 45,227
Deferred revenue	6,849
<b>Total liabilities</b>	<b>52,076</b>
<b>Fund balance</b>	
<b>Total liabilities and fund balance</b>	<b>\$ 52,076</b>

See accompanying notes to financial statements.

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

*For the year ended September 30, 2012*

	<b>General Fund</b>
<hr/>	
<b>Revenues</b>	
Grants	\$ 14,421
Investment earnings	2
Other fees and miscellaneous revenue	7,915
<hr/>	
Total revenues	22,338
<hr/>	
<b>Expenditures</b>	
Current:	
General government	567,540
<hr/>	
Total expenditures	567,540
<hr/>	
Excess (deficiency) of revenues over (under) expenditures	(545,202)
<hr/>	
<b>Other financing sources (uses)</b>	
Transfers in	545,202
<hr/>	
Net other financing sources (uses)	545,202
<hr/>	
<b>Net change in fund balance</b>	-
<hr/>	
<b>Fund balance, beginning</b>	-
<hr/>	
<b>Fund balance, ending</b>	\$ -
<hr/>	

See accompanying notes to financial statements.

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

*For the year ended September 30, 2012*

	Original Budget	Final Budget	Actual Amounts	Variance with Fund Budget Favorable (Unfavorable)
<b>Revenues</b>				
Grants	\$ -	\$ 14,500	\$ 14,421	\$ (79)
Investment earnings	-	-	2	2
Other fees and miscellaneous revenues	1,000	9,000	7,915	(1,085)
<b>Total revenues</b>	<b>1,000</b>	<b>23,500</b>	<b>22,338</b>	<b>(1,162)</b>
<b>Expenditures</b>				
Current:				
General government	542,117	622,717	567,540	55,177
<b>Total expenditures</b>	<b>542,117</b>	<b>622,717</b>	<b>567,540</b>	<b>55,177</b>
Excess (deficiency) of revenues over (under) expenditures	(541,117)	(599,217)	(545,202)	54,015
<b>Other financing sources (uses)</b>				
Transfer in	541,117	599,217	545,202	(54,015)
<b>Net other financing sources (uses)</b>	<b>541,117</b>	<b>599,217</b>	<b>545,202</b>	<b>(54,015)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying note to financial statements.

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

---

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

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

**Reporting Entity**

The Jackson County Supervisor of Elections' 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 Supervisor of Elections' Office.

The Jackson County, Florida, Supervisor of Elections (the "Supervisor of Elections") is a separately elected County official established pursuant to the Constitution of the State of Florida. The Supervisor of Elections' 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 Supervisor of Elections' office is operationally autonomous from the Board of County Commissioners ("the Board"), it does not hold sufficient corporate powers of its own to be considered a legally separate entity for financial reporting purposes. Therefore, the Supervisor of Elections 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 Supervisor of Elections.

The operations of the Supervisor of Elections are funded by the Board. The receipts from the Board are recorded as other financing sources on the Supervisor of Elections' 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.

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

---

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

**Basis of Presentation**

These financial statements have been prepared in conformity with the accounting principles and reporting guidelines established by Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the Auditor General, State of Florida. The basic financial statements for the County as a whole, which includes the funds of the Supervisor of Elections, were prepared in conformity with GAAP accepted 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 and grant activity of the Supervisor of Elections. It is used to account for all financial resources, except those required to be accounted for in another fund.

**Measurement Focus**

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. 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 when revenues and expenditures are recognized in the accounts and reported in the general fund financial statements and refers to the timing of the measurement made, regardless of the measurement focus applied.

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

When both restricted and unrestricted resources are available for use, it is the Supervisor of Election’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.

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

---

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

**Capital Assets and Depreciation**

Tangible personal property is recorded as expenditures in the governmental fund at the time an asset is acquired. Assets acquired by the Supervisor of Elections are capitalized at cost in the capital asset accounts of the County. The Supervisor of Elections' assets are reported in the statement of net assets in the County's financial statements. The Supervisor of Elections 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**

The Supervisor of Elections 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 Supervisor of Elections' office 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 Supervisor of Elections' compensated absences are accrued and reported in the government-wide financial statements of the County's financial statements.

**Budgetary Requirements**

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

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

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

**Risk Management and Insurance**

The Supervisor of Elections 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.

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

---

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

**Management Estimates and Assumptions**

The preparation of financial statements in conformity with 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 Supervisor of Elections has evaluated subsequent events through the date of the Independent Auditors' Report.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

At September 30, 2012, the carrying amount of the Supervisor of Elections' cash and cash equivalents was \$10,842 and the bank balance was \$10,842. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

Florida Statutes authorize the Supervisor of Elections 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, 2012, the Supervisor of Elections did not hold any deposits or investments that were considered to have credit risk.

**Interest Rate Risk**

At September 30, 2012, the Supervisor of Elections did not hold any investments that were considered to have interest rate risk.

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

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

**Custodial Credit Risk**

At September 30, 2012, the Supervisor of Elections did not hold any deposits or investments that were considered to have custodial risk.

**Concentration of Credit Risk**

At September 30, 2012, the Supervisor of Elections did not hold any investments that were considered to have concentration of credit risk.

**NOTE 3 - LONG-TERM LIABILITIES**

The Supervisor of Elections' 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, 2012, 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</b>					
<b>activities:</b>					
Compensated absences	\$ 18,610	\$ 3,523	\$ -	\$ 22,133	\$ -
<b>Total</b>	<b>\$ 18,610</b>	<b>\$ 3,523</b>	<b>\$ -</b>	<b>\$ 22,133</b>	<b>\$ -</b>

Accrued compensated absences represent the vested portion of accrued vacation, sick leave, and compensatory time. See Note 1 for a summary of the Supervisor of Elections' 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.

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

---

**NOTE 4 - EMPLOYEE BENEFITS**

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

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

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

	<b>10/01/11 Through 6/30/12</b>	<b>07/01/12 Through 09/30/12</b>
Regular class	4.91%	5.18%
Senior management	6.27%	6.30%
Elected county officials' class	11.14%	10.23%

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

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**NOTE 4 - EMPLOYEE BENEFITS (CONTINUED)**

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. Total payroll for the Supervisor of Elections' employees covered by the Florida Retirement System was \$224,810 for the year ended September 30, 2012. The Supervisor of Elections' contribution to the plan for the years ended September 30, 2012, 2011 and 2010 was \$17,085, \$27,688 and \$28,908. These contributions represent 7.6% of covered payroll for the year ended September 30, 2012.

**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. There was no excess revenue in the current year.

## **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 Sylvia Stephens  
Supervisor of Elections of Jackson County, Florida  
Marianna, Florida

We have audited the special-purpose financial statements of the Jackson County, Florida; Supervisor of Elections (the "Supervisor of Elections") as of and for the year ended September 30, 2012, and have issued our report thereon dated June 18, 2013. 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**

Management of the Jackson County Supervisor of Elections is responsible for establishing and maintaining effective internal control over financial planning. In planning and performing our audit, we considered the Supervisor of Elections' 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 Supervisor of Elections' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Supervisor of Elections' 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, Supervisor of Election'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.

To the Honorable Sylvia Stephens  
Supervisor of Elections of Jackson County, Florida  
Marianna, Florida

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Supervisor of Election's 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 Supervisor of Elections, Jackson County 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.*

June 18, 2013



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## INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Sylvia Stephens  
Supervisor of Elections of Jackson County, Florida  
Marianna, Florida

We have audited the special-purpose financial statements of the Jackson County, Florida, Supervisor of Elections (the Supervisor of Elections) as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated June 18, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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*. Disclosures in that report, which are dated June 18, 2013, 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 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. Corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Jackson County, Florida, Supervisor of Elections complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations that improve financial management. In connection with our audit, we did not have any such recommendations.

To the Honorable Sylvia Stephens  
Supervisor of Elections of Jackson County, Florida  
Marianna, Florida

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of law, 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 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, Supervisor of Elections, 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.*

June 18, 2013

**Jackson County, Florida  
Tax Collector**

**Special-Purpose Financial Statements**

**September 30, 2012**

**Jackson County, Florida**  
**Tax Collector**  
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**September 30, 2012**

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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, 2012, 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, 2012, 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 June 18, 2013 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. The combining financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 in relation to the financial statements taken as a whole.

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

June 18, 2013

## **Special-Purpose Financial Statements**

**Jackson County, Florida**  
**Tax Collector**  
**Special-Purpose Balance Sheet**  
**Governmental Funds**

*September 30, 2012*

	<b>General Fund</b>
<b>Assets</b>	
Cash	\$ 176,625
Total assets	\$ 176,625
<b>Liabilities</b>	
Accounts payable and accrued expenses	\$ 54,872
Due to Board of County Commissioners	119,553
Total liabilities	174,425
<b>Fund balance</b>	<b>2,200</b>
Total liabilities and fund balance	\$ 176,625

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, 2012*

	<b>General Fund</b>
<b>Revenues</b>	
Charges for services	\$ 537,827
Total revenues	537,827
<b>Expenditures</b>	
Current:	
General government	1,135,318
Total expenditures	1,135,318
Excess (deficiency) of revenues over (under) expenditures	(597,491)
<b>Other financing sources (uses)</b>	
Transfers in	717,044
Transfers out	(119,553)
Net other financing sources (uses)	597,491
<b>Net change in fund balance</b>	-
<b>Fund balance - beginning</b>	2,200
<b>Fund balance - ending</b>	\$ 2,200

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, 2012*

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Charges for services	\$ 470,451	\$ 470,451	\$ 537,827	\$ 67,376
Total revenues	470,451	470,451	537,827	67,376
<b>Expenditures</b>				
Current:				
General government	1,187,495	1,183,130	1,135,318	47,812
Capital outlay	-	4,365	-	4,365
Total expenditures	1,187,495	1,187,495	1,135,318	52,177
Excess (deficiency) of revenues over (under) expenditures	(717,044)	(717,044)	(597,491)	119,553
<b>Other financing sources (uses)</b>				
Transfers in	717,044	717,044	717,044	-
Transfers out	-	-	(119,553)	(119,553)
Net other financing sources (uses)	717,044	717,044	597,491	(119,553)
<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, 2012*

---

	<b>Agency Funds</b>
<hr/>	
<b>Assets</b>	
Cash	\$ 464,391
<hr/>	
Total assets	\$ 464,391
<hr/> <hr/>	
<b>Liabilities</b>	
Due to other governments	\$ 464,391
<hr/>	
Total liabilities	\$ 464,391
<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, Tax, and Driver's License Transactions as agency funds.

**Measurement Focus**

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

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures 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 Independent Auditors' Report.

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

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

**Governmental Fund Balances**

The County adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Type Definitions* (GASB Statement No. 54) effective October 1, 2010. This GASB Statement clarifies governmental fund balance classifications and fund-type definitions. Fund balances are classified either as non-spendable or spendable. See Note 7.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

At September 30, 2012, the carrying amount of the Tax Collector's cash and cash equivalents and restricted cash was \$641,016 and the bank balance was \$736,686. 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, 2012, the Tax Collector did not hold any deposits or investments that were considered to have credit risk.

**Interest Rate Risk**

At September 30, 2012, the Tax Collector did not hold any investments that were considered to have interest rate risk

**Custodial Credit Risk**

At September 30, 2012, the Tax Collector did not hold any deposits or investments that were considered to have custodial risk.

**Concentration of Credit Risk**

At September 30, 2012, 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, 2012, 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</b>					
<b>activities:</b>					
Compensated absences	\$ 41,305	\$ 4,076	\$ -	\$ 45,381	\$ -
Total	\$ 41,305	\$ 4,076	\$ -	\$ 45,381	\$ -

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**

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

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

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

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

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

	10/01/11 Through <u>06/30/12</u>	<b>07/01/12 Through <u>09/30/12</u></b>
Regular employees	4.91%	5.18%
Senior management	6.27%	6.30%
Elected county officials' class	11.14%	10.23%
DROP plan participants	4.42%	5.44%

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 \$748,308 for the year ended September 30, 2012. The Tax Collector's contribution to the plan for the years ended September 30, 2012, 2011, and 2010 totaled \$39,008, \$64,443, and \$71,245. These contributions represented 5.21% of covered payroll for the year ended September 30, 2012.

**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, 2012, excess revenues over expenditures of \$119,553 are accrued and reported as a transfer out.

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

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**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, 2012 was \$20,040.

Minimum future lease payments under operating leases as of September 30, 2012 and for each year until expiration are:

2013	\$	14,415
2014		12,540
2015		12,540
2016		12,540
<b>Total minimum future lease payments</b>		<b>\$ 52,035</b>

**NOTE 7 – GOVERNMENTAL FUND BALANCE**

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

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

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

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

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

Unassigned – All amounts not included in other spendable classifications.

At September 30, 2012, the all of Tax Collector's fund balance is classified as unassigned.

## **Supplementary Information**

**Jackson County, Florida**  
**Tax Collector**  
**Combining Special-Purpose Statement of Fiduciary Net Assets**  
**Agency Funds**

*September 30, 2012*

	License and Boat	Tag	Tax	Driver's License	Total
<b>Assets</b>					
Cash	\$ 1,309	\$ 80,351	\$ 371,725	\$ 11,006	\$ 464,391
Total assets	\$ 1,309	\$ 80,351	\$ 371,725	\$ 11,006	\$ 464,391
<b>Liabilities</b>					
Due to other governments	\$ 1,309	\$ 80,351	\$ 371,725	\$ 11,006	\$ 464,391
Total liabilities	\$ 1,309	\$ 80,351	\$ 371,725	\$ 11,006	\$ 464,391



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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, 2012, and have issued our report thereon dated June 18, 2013. 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**

Management of the Tax Collector is responsible for establishing and maintaining effective 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 opinion 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 in comment TC06-01, 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 TC06-01**

**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 condition continues to exist.

**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.

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

June 18, 2013



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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, 2012, and have issued our report thereon dated June 18, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 June 18, 2013. 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 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 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.

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

June 18, 2013



# Sherry A. Brown, CFC

Tax Collector, Jackson County

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Sneads Agency  
P.O. Box 520  
Sneads, FL 32460  
850-593-6737  
Fax 850-593-5388

June 24, 2013

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, 2012. 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