

JEFFERSON COUNTY, FLORIDA

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

**JEFFERSON COUNTY, FLORIDA
FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

BOARD OF COUNTY COMMISSIONERS

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**SUPERVISOR OF ELECTIONS
Marty Bishop**

**COUNTY ATTORNEY
T. Buckingham Bird**

**AUDITOR
Moran & Smith LLP**

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SPECIAL-PURPOSE FINANCIAL STATEMENTS

Clerk of Circuit Court

Sheriff

Tax Collector

Property Appraiser

Supervisor of Elections

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund and Major Special Revenue funds of Jefferson County, Florida, (the "County") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT
(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information, of Jefferson County, as of September 30, 2019, and the respective changes in financial position, where applicable, thereof and the respective budgetary comparison of the General Fund and the Major Special Revenue Funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of 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 the information 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise of Jefferson County, Florida's basic financial statements. The combining and individual non-major fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of State Financial Assistance Projects is presented for purposes of additional analysis as required by Chapter 10.550, *Rules of the Auditor General* of the State of Florida and is not a required part of the basic financial statements. The combining and individual non-major fund 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the 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.

INDEPENDENT AUDITORS' REPORT
(Concluded)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 12, 2020 on our consideration of Jefferson County, Florida's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 effectiveness of Jefferson County, Florida's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, FL

**JEFFERSON COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Jefferson County's financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2019. It should be read in conjunction with the County's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- For County Fiscal Year 2018-2019 (CFY 18-19), the millage rate of 7.9500 mills was less than the prior year's rate of 8.0000 and remained well under the potential maximum rate of 10 mills that is levied in many municipalities across the State of Florida and big bend area.
- The CFY 18-19 aggregate county budget was \$34,230,381.
- In CFY 18-19, Revenues were up approximately 16.5% from the prior County Fiscal Year.
- Trulieve Inc., broke ground constructing their business location in the Waukennah area in south Jefferson County.
- In CFY 18-19, the Board started using the Series 2018 Gas Tax Revenue Bond in the amount of \$5,850,000 to assist with improving / paving Jefferson County roads. The Bond will be repaid using Gas Tax revenues.

USING THIS REPORT

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the County as a whole and present a long-term view of the County's finances. These statements reflect the County as a whole and are deemed government-wide financial statements. The fund financial statements start on page 13. These statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statement for Fiduciary Funds provides financial information about activities for which the County acts solely as a trustee or agent for the benefits of others outside of the County.

Reporting the County as a Whole

Our analysis of the County as a whole is detailed later in this discussion. One of the most frequently asked questions about the County's finances is "Is the County, as a whole, better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting system used by most private companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

JEFFERSON COUNTY, FLORIDA MANAGEMENT'S DISCUSSION AND ANALYSIS

These two statements report the County's net position and the changes in them. You can think of the County's net position (the difference between assets, deferred outflows of resources and liabilities, deferred inflows of resources) as one way to measure the County's financial health, or its financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the County's property tax base, the condition of the County roads and equipment, and other matters to assess the overall health of the County.

Since the County does not have any business-type activities (utilities, etc.) and no component units to report, the remaining activities of the County are governmental activities. These include all of the County's basic services, including law enforcement, fire protection, building inspection, ambulance services, park and recreation, library services, road and bridge maintenance, etc. Property taxes, gasoline taxes, sales tax, and State grants generally finance most of these activities.

Reporting on the County's Most Significant Funds

The fund financial statements begin provide detailed information about the most significant funds and not the County as a whole. Some funds are required to be established by State law or other governing authority. However, the County Commission may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from State and Federal Agencies). The County has only the general fund, special revenue funds, capital projects fund and debt service fund which are all considered to be governmental funds. There are no proprietary funds maintained by the County.

All of the County's basic services are reported in governmental funds, which focus on how many flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the County's general government operations and the basic services provided. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental *activities* (report in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

The County as Trustee

The County is the trustee, or *fiduciary*, for several sources of funds that belong to other governments, individuals or agencies. All of the County's fiduciary type activities are reported in separate statements. We exclude these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

THE COUNTY AS A WHOLE

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements, decreased by \$2,359,214 from the prior year. Restricted net position decreased by \$3,689,619 from the prior year.

The County's total revenue increased by \$918,710 during the year and total expenses increased by \$2,872,145.

**JEFFERSON COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Table 1
Net Assets**

	Governmental Activities	
	9/30/2019	9/30/2018
Cash and other assets	\$ 11,309,836	\$ 10,897,840
Capital assets - net	26,622,201	21,022,416
Total assets	37,932,037	31,920,256
Deferred outflows	5,486,198	4,733,104
Long-term debt outstanding	28,011,349	23,876,518
Other liabilities	4,223,175	943,999
Total liabilities	32,234,524	24,820,517
Deferred inflows	1,053,648	1,253,734
Net assets:		
Invested in capital assets, net of debt	15,215,500	9,615,715
Restricted	3,218,430	6,908,049
Unrestricted	(8,303,867)	(5,944,653)
Total net assets	\$ 10,130,063	\$ 10,579,110

**JEFFERSON COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Table 2
Changes in Net Position**

	Governmental Activities	
	9/30/2019	9/30/2018
Revenues:		
Program revenues:		
Charges for services	\$ 2,725,316	\$ 3,285,990
Federal and state grants	3,734,156	3,680,126
General revenues:		
Property and other taxes	13,526,758	12,782,341
Other general revenues	1,113,930	432,993
Total revenues	21,100,160	20,181,450
Program expenses:		
General government	4,948,456	4,160,911
Transportation	2,062,554	1,916,529
Public safety and judiciary	9,734,915	8,636,432
Health and sanitation	2,723,013	2,205,169
Economic development	526,685	148,017
Culture, recreation, and agriculture	1,230,914	1,378,983
Interest on long-term debt	322,672	231,023
Total program expenses	21,549,210	18,677,065
Increase (decrease) in net assets	(449,047)	1,504,385
Net position, beginning as restated	10,579,110	9,074,724
Net position, ending	\$ 10,130,063	\$ 10,579,110

**JEFFERSON COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

THE COUNTY'S FUNDS

The County's governmental funds (as presented in the balance sheet on page 13) reported a combined fund balance of \$7,086,661, which is a decrease of \$2,867,181 over the prior year. Included in this year's total change in fund balance is an increase of \$386,880 in the County's general fund balance. In addition, these other changes in fund balances should be noted:

- The transportation fund incurred an increase in fund balance of \$78,229.
- The fine and forfeiture fund incurred an increase in fund balance of \$85,883.
- The capital projects fund incurred a decrease in fund balance of \$2,513,181.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The County had \$26,622,201, net of depreciation, invested in a broad range of capital assets, including land, buildings, roads, bridges, park facilities and equipment. The net increase over the last year of approximately \$5,599,785, net of depreciation. Table 3 below details the composition of these assets.

**JEFFERSON COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

	Governmental Activities	
	9/30/2019	9/30/2018
Land	\$ 1,737,456	\$ 1,737,456
Buildings & Improvements	6,236,813	6,099,101
Equipment	5,691,281	4,586,123
Infrastructure	8,331,768	6,549,861
Construction in progress	4,624,883	2,049,875
Totals	\$26,622,201	\$21,022,416

Major additions for the year were heavy equipment, building construction and road paving. Infrastructure includes all the County roads and bridges.

Debt

The County had various installment purchase obligations of \$2,376,948, notes payable of \$1,039,340 and revenue bonds of \$9,055,000 outstanding at the end of the 2019 fiscal year, an increase of \$1,064,587 as shown in Table 4.

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

	Governmental Activities	
	9/30/2019	9/30/2018
Installment obligations	\$ 2,376,948	\$ 654,273
Notes payable	1,039,340	1,257,428
Revenue and gas tax bonds	9,055,000	9,495,000
Totals	\$ 12,471,288	\$ 11,406,701

**JEFFERSON COUNTY, FLORIDA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected Commissioners consider many factors when considering the fiscal year 2019 budget to include assessed values, tax rates and charges for services. One of those factors is the economy. Jefferson County is not a fast growing County compared to other metropolitan areas of the State; however, the County does continue to enjoy growth in its population and offers its citizens a relaxed form of lifestyle when compared to other, more populous surrounding areas.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Clerk of the Circuit Court, County Courthouse, Room 10, Monticello, Florida 32344.

BASIC FINANCIAL STATEMENTS

JEFFERSON COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

		Governmental Activities
Assets		
Cash and Cash Equivalents	\$	3,140,616
Restricted Cash and Cash Equivalents		4,229,063
Equity in Pooled Investments		289,024
Accounts Receivable		218,695
Prepaid Expenses		112,596
Due from Funds		2,367,341
Due from Other Governments Units		933,957
Inventory		18,544
Capital Assets, Net Depreciation		26,622,201
Total Assets		37,932,037
Deferred Outflows of Resources		
Pension		4,542,450
OPEB		943,748
Total Deferred Outflows of Resources		5,486,198
Liabilities		
Accounts Payable and Accrued Expenses		1,396,984
Due to Other Funds		2,367,341
Due to Other Agency		16,398
Unearned Revenue		405,544
Accrued Interest Payable		36,908
Long-Term Liabilities Due or Payable Within One Year		
Capital Lease Obligations		571,761
Public Improvement Revenue Bonds Payable		435,000
Notes Payable		403,850
Compensated Absences		105,138
Landfill Closure and Post-Closure Costs		56,353
Long-Term Liabilities Due or Payable After One Year		
Capital Lease Obligations		1,805,187
Public Improvement Revenue Bonds Payable		3,230,000
Road Bond 2018		5,390,000
Notes Payable		635,490
Compensated Absences		315,414
Other Post-Employment Benefit Obligation		2,016,154
Landfill Closure and Post-Closure Costs		109,080
Net Pension Liability		12,937,922
Total Liabilities		32,234,524
Deferred Inflows of Resources		
Pension		937,110
OPEB		116,538
Total Deferred Inflows of Resources		1,053,648
Net Position		
Invested in Capital Assets, Net of Related Debt		15,215,500
Restricted		4,045,655
Unrestricted (Deficit)		(9,131,092)
Total Net Position	\$	10,130,063

See accompanying notes to financial statements

JEFFERSON COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary Government Governmental Activities					
General Government	\$ 4,948,456	\$ 1,121,340	\$ 39,392	\$ 0	\$ (3,787,722)
Public Safety	9,153,241	1,043,792	581,667	0	(7,527,782)
Physical Environment	2,577,972	474,999	1,319,112	0	(783,861)
Transportation	2,062,554	1,806	90,909	0	(1,969,839)
Economic Development	526,685	0	0	622,730	96,045
Human Services	145,041	0	0	0	(145,041)
Court Related	581,674	83,379	0	0	(498,295)
Culture and Recreation	1,230,914	0	1,080,346	0	(150,568)
Interest on Long-Term Debt	322,672	0	0	0	(322,672)
Total Primary Government	\$ 21,549,210	\$ 2,725,316	\$ 3,111,426	\$ 622,730	\$ (15,089,736)

General Revenues

Taxes:	
Property Taxes	\$ 6,232,905
Local Option Gas Tax	2,273,396
Sales Tax, Other Taxes and Shared Revenue	5,020,457
Investment Earnings	103,009
Miscellaneous	1,010,921
Total General Revenues	14,640,689
Change in Net Position	(449,047)
Net Position, Beginning	10,579,110
Net Position, Ending	\$ 10,130,063

See accompanying notes to financial statements

**JEFFERSON COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	General Fund	Fines and Forfeitures	Transportation	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and Cash Equivalents	\$ 1,828,625	\$ 502,760	\$ 584,736	\$ 0	\$ 224,495	\$ 3,140,616
Restricted Cash and Cash Equivalents	293,652	0	0	3,128,745	806,665	4,229,063
Equity in Pooled Investments	144,356	15,663	129,006	0	0	289,024
Accounts Receivable	91,988	0	0	0	126,707	218,695
Prepaid Expenses	112,596	0	0	0	0	112,596
Due from Other Funds	1,673,260	133,255	50,257	0	510,568	2,367,341
Due from Other Government Units	597,076	48,807	145,510	0	142,564	933,957
Inventory	0	0	18,544	0	0	18,544
Total Assets	4,741,553	700,485	928,053	3,128,745	1,811,000	11,309,836
Liabilities						
Accounts Payable and Accrued Expenses	298,101	27,464	24,371	864,620	182,428	1,396,984
Interest Payable	0	0	0	0	36,908	36,908
Due to Other Funds	133,255	770,366	446,945	22,834	993,941	2,367,341
Due to Other Agency	15,131	0	1,266	0	0	16,398
Unearned Revenue	91,785	0	0	0	313,759	405,544
Total Liabilities	538,273	797,830	472,582	887,454	1,527,036	4,223,175
Fund Balances						
Nonspendable	0	0	18,544	0	0	18,544
Restricted	432,306	0	436,927	2,241,291	916,588	4,027,111
Committed	0	0	0	0	0	0
Assigned	0	0	0	0	0	0
Unassigned	3,770,975	(97,345)	0	0	(632,624)	3,041,006
Total Fund Balances	4,203,281	(97,345)	455,471	2,241,291	283,964	7,086,661
Total Liabilities and Fund Balances	\$ 4,741,554	\$ 700,485	\$ 928,053	\$ 3,128,745	\$ 1,811,000	\$ 11,309,836

See accompanying notes to financial statements

**JEFFERSON COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

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

Total Fund Balances - Governmental Funds	\$ 7,086,661
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the governmental funds.	26,622,201
Deferred outflows and inflows of resources related to pension are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources - Pensions	4,542,450
Deferred outflows of resources OPEB	943,748
Deferred inflows of resources - Pensions	(937,110)
Deferred inflows of resources OPEB	(116,538)
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the governmental funds.	
Total Long-Term Liabilities - see Note 9	(28,011,349)
Net Position of Governmental Activities	\$ 10,130,063

See accompanying notes to financial statements

JEFFERSON COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

Page 1 of 2

	General Fund	Fines and Forfeitures	Transportation
Revenues			
Taxes	\$ 5,378,412	\$ (45)	\$ 794,656
Licenses and Permits	271,241	0	0
Intergovernmental	3,085,859	0	1,212,796
Grants	2,811,485	197,453	0
Charges for Services	1,387,744	10,721	1,806
Fines and Forfeitures	0	150,901	0
Investment Earnings	27,515	3,610	6,106
Other Fees and Miscellaneous Revenues	529,266	0	67,314
Total Revenues	13,491,523	362,640	2,082,678
Expenditures			
Current:			
General Government	3,890,168	0	0
Public Health and Safety	4,750,562	355,342	0
Fire Safety	0	0	0
Physical Environment	342,778	0	0
Health and Sanitation	0	0	0
Transportation	0	0	1,371,330
Economic Development	508,578	0	0
Human Services	129,299	0	0
Culture and Recreation	583,149	0	0
Court-Related	0	0	0
Capital Outlay	2,119,129	32,930	1,769,220
Debt Service:			
Principal	168,880	0	308,958
Interest and Other Charges	28,247	0	10,151
Total Expenditures	12,520,789	388,272	3,459,660
Excess (Deficiency) of Revenues Over (Under) Expenditures	970,734	(25,632)	(1,376,982)
Other Financing Sources (Uses)			
Transfers In	4,091,402	4,224,657	50,000
Transfers (Out)	(4,836,467)	(4,113,141)	(294,275)
Debt Proceeds	203,559	0	1,699,486
Net other Financing Sources (Uses)	(541,506)	111,516	1,455,211
Net Change in Fund Balances	429,228	85,884	78,229
Fund Balances - Beginning	3,774,052	(183,229)	377,242
Fund Balances - Ending	\$ 4,203,280	\$ (97,345)	\$ 455,471

See accompanying notes to financial statements

JEFFERSON COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

Page 2 of 2

	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 0	\$ 1,441,428	\$ 7,614,450
Licenses and Permits	0	0	271,241
Intergovernmental	0	1,191,510	5,490,165
Grants	0	725,218	3,734,156
Charges for Services	0	1,325,047	2,725,318
Fines and Forfeitures	0	0	150,901
Investment Earnings	61,827	5,891	104,949
Other Fees and Miscellaneous Revenues	0	412,402	1,008,982
Total Revenues	61,827	5,101,496	21,100,163
Expenditures			
Current:			
General Government	0	122,981	4,013,149
Public Health and Safety	0	1,767,915	6,873,819
Fire Safety	0	865,880	865,880
Physical Environment	0	1,803,148	2,145,927
Health and Sanitation	0	120	120
Transportation	0	750	1,372,080
Economic Development	0	0	508,578
Human Services	0	0	129,299
Culture and Recreation	0	476,009	1,059,157
Court-Related	0	520,610	520,610
Capital Outlay	2,575,008	724,351	7,220,638
Debt Service:			
Principal	0	795,620	1,273,459
Interest and Other Charges	0	284,274	322,672
Total Expenditures	2,575,008	7,361,660	26,305,389
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,513,181)	(2,260,164)	(5,205,226)
Other Financing Sources (Uses)			
Transfers In	0	877,824	9,243,883
Transfers (Out)	0	0	(9,243,883)
Debt Proceeds	0	435,000	2,338,046
Net other Financing Sources (Uses)	0	1,312,824	2,338,046
Net Change in Fund Balances	(2,513,181)	(947,340)	(2,867,180)
Fund Balances - Beginning	4,754,472	1,231,304	9,953,845
Fund Balances - Ending	\$ 2,241,291	\$ 283,964	\$ 7,086,661

See accompanying notes to financial statements

JEFFERSON COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2019

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

Net change in fund balances - Total Governmental Funds	\$	(2,867,180)
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of net position.		7,220,639
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.		(1,620,854)
Repayment of long-term debt is reported as an expenditure in governmental funds but as a reduction of long-term liabilities in the statement of net position.		1,273,459
The issuance of long-term debt (notes payable) provides current financial resources to governmental funds, while it has no effect on the statement		(2,338,046)
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.		(226,031)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These expenses include:		
Long-term landfill closure and Post-Closure Liability		3,628
Pension Expenses		(1,888,809)
Compensated Absences		(5,852)
Change in Net Position	\$	(449,047)

See accompanying notes to financial statements

JEFFERSON COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - BUDGET AND ACTUAL
SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>		Actual	Variance With
	Original	Final	(Budgetary Basis)	
Revenues				
Taxes	\$ 6,906,688	\$ 6,906,688	\$ 5,378,412	\$ (1,528,276)
Licenses and Permits	159,508	159,508	271,241	111,733
Intergovernmental	7,981,507	7,981,507	3,085,859	(4,895,648)
Grants	25,645	25,645	2,811,485	2,785,840
Charges for Services	1,452,181	1,452,181	1,387,744	(64,437)
Fines and Forfeitures	0	0	0	0
Investment Earnings	0	0	27,515	27,515
Other Fees and Miscellaneous Revenues	109,663	109,663	529,266	419,603
Total Revenues	16,635,192	16,635,192	13,491,523	(3,143,669)
Expenditures				
Current:				
General Government	5,501,417	5,501,417	3,890,168	(1,611,249)
Public Health and Safety	5,504,219	5,504,219	4,750,562	(753,657)
Fire Safety	0	0	0	0
Physical Environment	313,920	313,920	342,778	28,858
Transportation	4,891,246	4,891,246	0	(4,891,246)
Economic Development	25,640	25,640	508,578	482,938
Human Services	412,634	412,634	129,299	(283,335)
Culture and Recreation	2,256,871	2,256,871	583,149	(1,673,722)
Court-Related	0	0	0	0
Capital Outlay	43,548	43,548	2,119,129	2,075,581
Debt Service	0	0	197,127	197,127
Total Expenditures	18,949,495	18,949,495	12,520,789	(6,428,706)
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(2,314,303)	(2,314,303)	970,734	3,285,037
Other Financing Sources (Uses)				
Transfers In	4,091,402	4,091,402	4,091,402	0
Transfers (Out)	(1,777,099)	(1,777,099)	(4,836,467)	(3,059,368)
Debt Proceeds	0	0	203,559	203,559
Net Other Financing Sources (Uses)	2,314,303	2,314,303	(541,506)	(2,855,809)
Net Change in Fund Balance	0	0	429,228	429,228
Fund Balance - Beginning	0	0	3,774,052	3,774,052
Fund Balance - Ending	\$ 0	\$ 0	\$ 4,203,280	\$ 4,203,280

See accompanying notes to financial statements

JEFFERSON COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FINES AND FORFEITURES FUND - BUDGET AND ACTUAL
SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance With
	Original	Final	(Budgetary Basis)	
Revenues				
Taxes	\$ 0	\$ 0	\$ (45)	\$ (45)
Grants	200,000	200,000	197,453	(2,547)
Charges for Services	0	0	10,721	10,721
Fine and Forfeitures	399,389	399,389	150,901	(248,488)
Investment Earnings	0	0	3,610	3,610
Total Revenues	599,389	599,389	362,640	(236,749)
Expenditures				
Current:				
Public Health and Safety	599,389	599,389	355,342	(244,047)
Capital Outlay	0	0	32,930	0
Total Expenditures	599,389	599,389	388,272	(244,047)
Excess (Deficiency) of Revenues (Under) over expenditures	0	0	(25,632)	(25,632)
Other Financing Sources (Uses)				
Transfers In	4,091,391	4,091,391	4,224,657	133,266
Transfers (Out)	(4,091,391)	(4,091,391)	(4,113,141)	(21,750)
Net Other Financing Sources (Uses)	0	0	111,516	111,516
Net Change in Fund Balance	0	0	85,884	85,884
Fund Balance - Beginning	0	0	(183,229)	(183,229)
Fund Balance - Ending	\$ 0	\$ 0	\$ (97,345)	\$ (97,345)

See accompanying notes to financial statements

JEFFERSON COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TRANSPORTATION FUND - BUDGET AND ACTUAL
SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Taxes	\$ 885,000	\$ 885,000	\$ 794,656	\$ (90,344)
Intergovernmental	809,625	809,625	1,212,796	403,171
Investment Earnings	0	0	6,106	6,106
Grants	0	0	0	0
Other Fees and Miscellaneous Revenues	25,000	25,000	69,120	44,120
Total Revenues	1,719,625	1,719,625	2,082,678	363,053
Expenditures				
Current:				
Transportation	1,582,000	1,582,000	1,371,330	(210,670)
Capital Outlay	187,625	187,625	1,769,220	1,581,595
Debt Services:				
Principal	0	0	308,958	308,958
Interest and Other Charges	0	0	10,151	10,151
Total Expenditures	1,769,625	1,769,625	3,459,660	1,690,035
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,000)	(50,000)	(1,376,982)	(1,326,982)
Other Financing Sources (Uses)				
Transfers (In)	50,000	50,000	50,000	0
Transfers (Out)	0	0	(294,275)	(294,275)
Debt Proceeds	0	0	1,699,486	1,699,486
Net Other Financing Sources (Uses)	50,000	50,000	1,455,211	1,405,211
Net Change in Fund Balance	0	0	78,229	78,229
Fund Balance - Beginning	0	0	377,242	377,242
Fund Balance - Ending	\$ 0	\$ 0	\$ 455,471	\$ 455,471

See accompanying notes to financial statements

JEFFERSON COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUND - BUDGET AND ACTUAL
SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>		Actual Amounts	Variance With Final Budget
	Original	Final		
Revenues				
Investment Earnings	\$ 0	\$ 0	\$ 61,827	\$ 61,827
Other Fees and Miscellaneous Revenues	0	0	0	0
Total Revenue	0	0	61,827	61,827
Expenditures				
Current:				
Transportation	5,651,449	5,651,449	2,575,008	(3,076,441)
Total Expenditures	5,651,449	5,651,449	2,575,008	(3,076,441)
Net Change in Fund Balance	(5,651,449)	(5,651,449)	(2,513,181)	3,138,268
Other Financing Sources (Uses)				
Transfers Out	0	0	0	0
Debt Proceeds	0	0	0	0
Net Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	(5,651,449)	(5,651,449)	(2,513,181)	3,138,268
Fund Balance-Beginning	5,651,449	5,651,449	0	(5,651,449)
Fund Balance-End	\$ 0	\$ 0	\$(2,513,181)	\$ (2,513,181)

See accompanying notes to financial statements

JEFFERSON COUNTY, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2019

	Agency Funds
<hr/>	
Assets	
Cash and Cash Equivalents	\$ 1,264,336
Total Assets	1,264,336
<hr/>	
Liabilities	
Due to Other Governments	1,004,292
Due to Other Funds	246,016
Due to Others	14,028
Total Liabilities	\$ 1,264,336
<hr/>	

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

JEFFERSON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 – Summary of Significant Accounting Policies

Jefferson County, Florida, (the “County”) legally exists under Article VIII of the Constitution of the State of Florida as a non-chartered County and operates under an elected County Commission (five members) and provides services to its more than 13,000 residents in many areas, including law enforcement, community enrichment and development, culture and recreation, and human services.

The Clerk of the Circuit Court, Supervisor of Elections, Tax Collector, Property Appraiser, and Sheriff constitute the other elected officials of the County. These Constitutional Officers maintain separate accounting records and budgets from the Board of County Commissioners. The Constitution of the State of Florida, Article VIII, Section 1(d) created the constitutional officers and Article VIII, Section 1(e), created the Board of County Commissioners.

The financial statements of the County have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the standard-setting body of governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with the subsequent GASB pronouncements (Statement and Interpretations), constitutes GAAP for governmental units along with the American Institute of Certified Public Accountants publication entitled *Audits of State and Local Governmental Units*, and pronouncements of the Financial Accounting Standards Board (when applicable). The more significant accounting policies of the County are described below.

Reporting Entity

The concept underlying the definition of the reporting entity is that elected officers are accountable to their constituents for their actions. The reporting entity’s financial statements should allow users to distinguish between the primary government (the “County”) and its component units. As required by generally accepted accounting principles, the financial reporting entity consists of (1) the primary government (the “County”), (2) organizations for which the County is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The County is financially accountable if it appoints a voting majority of the organization’s governing body and (a) is able to impose its will on that organization or (b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County.

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 position and the statement of activities. These statements report financial information for the Jefferson County, Florida 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 distinguished 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.

JEFFERSON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program; and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Fiduciary funds are not included in these financial statements.

Fund Financial Statements

The County segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. Reconciliations are provided that converts the results of governmental fund accounting to the government-wide presentations. The County has presented the following major governmental funds:

- **General Fund-** The General Fund is the main operating fund of the County. This fund is used to account for all financial resources not accounted for in other fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.
- **Transportation Fund-** The County Transportation Trust Fund is a special revenue fund used to accounts for gasoline and fuel taxes that are restricted for special purposes.
- **Fines and Forfeitures Fund** – The Fines and Forfeitures Fund accounts a portion of the County’s property taxes and 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.
- **Capital Projects Fund-** The Capital Projects Fund is a special revenue fund that accounts for the expenditures used for the construction and maintenance of certain road projects in the County.

The County also reports the following fund type:

- **Agency Funds** – The agency funds are used to account for assets help 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.

JEFFERSON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported on the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for recognition of all Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is made.

The revenues susceptible to accrual are licenses, charges for services, intergovernmental revenues and interest income. Gasoline and sales taxes collected and held by the state at year end on behalf of the County are also recognized as revenue. All other governmental fund revenues are recognized when received.

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

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

Budgets and Budgetary Accounting

Florida Statutes establishes the fiscal year as the twelve-month period beginning October 1. The various departments of the County and the Constitutional Officers submit to the Clerk of the Circuit Court a budget of estimated expenditures for the ensuing fiscal year after which the Clerk subsequently submits a budget of estimated expenditures and revenues to the Board of County Commissioners.

Upon receipt of the budget estimates, the Board of County Commissioners holds public hearings on the proposed budget. Information about the proposed budget is then published in the Monticello News. The budget is legally enacted through passage of a Resolution by the Board of County Commissioners. The Board of County Commissioners is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be due to unanticipated revenues and be approved by the Board of County Commissioners and an amendment to the originally adopted budget. Budgeted amounts are as originally adopted or as amended by the Board of County Commissioners. Individual amendments were not material in relation to the original appropriations which were adopted other than those for unanticipated revenues.

The County operates under a budgetary system wherein the Board of County Commissioners adopts a budget each year for the overall financial operations of the County, to include the operations of each of the other elected officials. Any funds remaining in the various general funds of each elected official must revert to the Board of County Commissioners immediately after the end of each fiscal year. The primary sources of revenues of the County are ad valorem taxes, racing tax, state revenues sharing proceeds, federal grants, gasoline taxes, sales taxes and special assessments.

JEFFERSON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

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 re-appropriated 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 Trust Fund investment pools created by Sections 218.405 and 218.417, Florida Statutes.

Cash of some funds is pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity during the year. An individual fund's pooled cash and cash investments are available upon demand and are considered to be "cash equivalents" when preparing these financial statements. Negative balances incurred in pooled cash at the year-end are treated as interfund receivables of the General Fund and interfund payables of the deficit fund.

Investments

The County follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, in reporting on investments owed. Generally, this statement requires various investments be reported at fair value, including debt securities and open-ended mutual funds.

Interfund Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." All residual balances outstanding were related to governmental activities and are not reported in the government-wide financial statements.

Restricted Assets

Certain net position of the County are classified as restricted assets on the statement of net position because their use is limited either by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors, or law or regulations of other governments. In a fund with both restricted and unrestricted assets, qualified expenses are considered to be paid first from restricted net position and then from unrestricted net position.

Capital Assets

The County's capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, right-of-ways, storm-water system, sidewalks, and similar items), are reported in the capital assets accounts of the County. Property and equipment with initial, individual costs that exceed \$1,000 and an estimated useful life in excess of one year are recorded as capital assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are expensed as incurred. Capital assets purchased by the Clerk of Circuit Court, Property Appraiser, Supervisor of Election, and Tax Collector are accounted for within the Board of County Commissioner's capital assets. The Sheriff is accountable for and thus maintains capital asset records pertaining only to equipment used in his operations. These assets have been combined with the Board's governmental activities capital assets in the statement of net position.

JEFFERSON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and improvements	10-40
Machinery and equipment	3-10
Road and bridge infrastructure	20-40

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

Due to Others

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

Unearned Revenues

The unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Unearned revenues reported in governmental fund financial statements represent revenues which are measurable but not available, and in accordance with the modified accrual basis of accounting, are reported as unearned 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*.

Long-Term Debt

In the government-wide financial statements, outstanding debts are reported as liabilities. The governmental fund financial statements recognize the proceeds of debt as other financial sources of the current period. Issuance costs are reported as expenditures.

Governmental Fund Balances

The County adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Type Definitions* (GASB Statement No. 54). This GASB Statement clarifies governmental fund balance classifications and fund-type definitions. Fund balances are classified either as non-spendable or spendable. See Note 12.

JEFFERSON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

Net Position

For the year ending September 30, 2019, the County reports net position as restricted or unrestricted. Restricted net position has externally imposed constraints placed on the use of resources by creditors, grantors, contributors, law and regulations of other governments or imposed by law through constitutional provisions or enabled legislation. Unrestricted net position is comprised of all other balances, including committed, assigned and unassigned.

Encumbrances

Encumbrances represent commitments in the form of purchase orders which are chargeable to an appropriation and for which a part of the appropriation is reserved. Encumbrances do not represent expenditures or liabilities. The County does not record encumbrances outstanding at year-end.

Management Estimates and Assumptions

The preparation of financial statements in conformity with generally 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. Accordingly, actual results could differ from those estimates.

Deferred Outflows of Resources

A deferred outflow of resources represents consumption of net assets that applies to a future period and not be recognized as an outflow of resources (expense) until that future time.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that future time.

Subsequent Events

The County has evaluated subsequent events through the date of the Independent Auditors' Report which is the date the financial were available to be issued.

Note 2 – Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Property Appraiser and Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. Florida Statutes permit counties to levy property taxes at a rate of up to 10 mills for general operations. The 2019 millage rate assessed by the County was 7.95 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 mileages into the total tax levy, which includes the various municipalities, the County school board, and other taxing authorities.

JEFFERSON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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.

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

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

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

Note 3 - Deposits and Investments

At year end, the carrying amount of the County's deposits was \$7,369,679 and the bank balance was \$7,157,797. 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 on 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, 2019, the market value and the carrying value of these funds was \$289,024. The funds are recorded as equity in pooled investments on the balance sheet at September 30, 2019 (See Note 1 for definition of cash equivalents) and are included in carrying value and bank balance in the first paragraph of this note. Additional information and investment policies regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration at www.sbafla.com/prime.

JEFFERSON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 3 - Deposits and Investments (Continued)

The State of Florida's Local Government Investment Pool is administered by the Florida State Board of Administration (SBA), which provides regulatory oversight. The powers and duties of the SBA are defined in Florida Statute 218.409. In addition, Chapter 19-7 of the Florida Administration Code identifies the rules and regulations governing the administration of the State Pool. These rules provide guidance and establish the general operating procedures for the administration of the pool. The SBA provides regulatory oversight for the Florida PRIME Fund. As a pool participant, the County owns a share of the respective pool, not the underlying securities.

The Florida PRIME Fund is an external investment pool that has adopted operating procedures consistent with the requirements of GASB Statement No. 79 to measure its investments at amortized cost. Therefore, the County's investment in PRIME is at amortized cost.

Credit Risk

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

As of September 30, 2019, the County's investment in the Florida PRIME is rated by Standard and Poors and the current rating is AAAM.

Interest Rate Risk

The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2019, is 51 days. Next interest rate reset for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of Florida PRIME at September 30, 2019 is 80 days.

Custodial Credit Risk

At September 30, 2019, 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, 2019, the County did not hold any investments that were considered to be a concentration of credit risk.

Note 4- Accounts Receivable

At September 30, 2019, the County's accounts receivable balance was \$91,988.

**JEFFERSON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 5 – Inventory of Supplies

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

Note 6 – Interfund Transactions and Balances

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them and to (b) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers for the year ending September 30, 2019, consisted of the following:

TRANSFER TO:	TRANSFER FROM:			
	General Fund	Fines and Forfeitures Fund	Transportation Fund	Total
General Fund	\$ 0	\$ 4,091,402	\$ 0	\$4,091,402
Fines and Forfeitures Fund	4,224,657	0	0	4,224,657
Transportation Fund	50,000	0	0	50,000
Nonmajor Funds	561,810	21,739	294,275	877,824
Total	\$4,836,467	\$ 4,113,141	\$ 294,275	\$9,243,883

The purpose of individual fund interfund receivable and payable balances at September 30, 2019 was for pooling of cash balances and loans to other funds. None of the balances are expected to be repaid within the next year.

**JEFFERSON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 6 – Interfund Transactions and Balances (Continued)

Interfund receivables/payables for the year ended September 30, 2019, consisted of the following:

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ 1,673,260	\$ 133,255
Fines and Forfeitures Fund	133,255	770,366
Transportation Fund	50,257	446,945
2018 Road Bond Capital Outlay	0	22,834
Nonmajor governmental funds:		
Landfill Fund	0	144,035
Fire Assessment Fund	0	88,152
SHIP Trust Fund	16,224	0
Grant Fund	494,344	154,838
E-911 Fund	0	1,837
Debt Service Fund	0	4,769
Literacy Alliance Fund	0	201,851
Ambulance	0	275,477
FEMA	0	48,509
Tourist Tax	0	2,812
Capital Projects	0	71,663
Total	\$ 2,367,341	\$ 2,367,341

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

Note 7 – Due From Other Governments

Due from other governments consists of funds earned as of September 30, 2019, but not yet received by the County. The majority of these amounts were received in October and November 2019.

JEFFERSON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 8 – Capital Assets

Capital asset activity for the year ended September 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land and improvements	\$ 1,737,456	\$ 0	\$ 0	\$ 1,737,456
Construction work in progress	2,049,875	2,575,008	0	4,624,883
Total capital assets not being depreciated	3,787,331	2,575,008	0	6,362,339
Capital assets being depreciated:				
Buildings and improvements	10,630,943	240,036	0	10,870,979
Equipment	10,667,510	2,877,151	0	13,544,661
Equipment - Sheriff	2,586,830	99,528	0	2,686,358
Roads	34,796,162	1,428,916	0	36,225,078
Total capital assets being depreciated	58,681,445	4,645,631	0	63,327,076
Less: total accumulated depreciation	41,446,360	1,620,854	0	43,067,214
Total capital assets being depreciated, net	17,235,085	3,024,777	0	20,259,862
Governmental activities capital assets, net	\$ 21,022,416	\$5,599,785	\$ 0	\$ 26,622,201

Depreciation expense was charges to functions as follows:

Governmental activities	
General government	\$ 466,911
Public safety	457,796
Physical environment	192,581
Transportation	500,211
Culture and recreation	3,355
Total depreciation expense-governmental activities	\$ 1,620,854

JEFFERSON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 9 - Long-Term Debt

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

Items of equipment were acquired in prior years and current year under various installment purchase obligations bearing interest at 2.14% to 5.66% per annum. These obligations require monthly and annual installments of various amounts and expire at various dates through 2023.

The County borrowed funds in the amount of \$1,800,000 to refund the Series 1999 Bonds. The note payable includes interest at 1.84% and includes quarterly payments of \$68,686, including interest, through 2021. The note is collateralized by an assignment of Local Government half-cent sales tax revenues, half-cent supplement sales tax and pari-mutual tax revenues.

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

The County issued its \$4,615,000 Jefferson County, Florida, Gas Tax Revenue Bonds, Series 2012. The Bonds are dated November 15, 2012 and pays interest at 2% to 2.75% semi-annually on June 1 and December 1 of each year. Principal is payable annually on December 1, 2013 and each December 1 thereafter in amounts varying from \$185,000 in 2013 up to \$265,000 in 2029. The Bonds were issued to provide sufficient funds to finance the cost of the acquisition and construction of certain road improvements in the County. The 2012 Bonds are being issued under the authority of Chapter 125, Part 1, Florida Statutes, as amended, Sections 206.41, and 336.024, Florida Statutes, as amended and other applicable provisions of law and under and pursuant to Resolution No. 2012-11-15-12-02, adopted by the Board of County Commissioners of the County on November 15, 2012. The Bonds are special obligations of the County and are payable solely from and secured by a prior lien and pledge of (i) a portion of the proceeds of the constitutional fuel tax collected by the State to the issuer and (ii) all monies, including investment earnings thereof, in the funds and accounts established under the Resolution.

The County borrowed funds in the amount of \$241,500 to purchase equipment. The note payable includes interest at 2.74%, and includes yearly payments of \$38,499, including interest, through February 2023. The note is collateralized by equipment.

The County issued the 2018 Road Bond for \$5,850,000. There was an original issue discount of \$5,536 for net proceeds of \$5,844,464. The Bonds are dated January 2018, pay interest 1.70% to 3.45% payable annually on July 1, 2018 and annually thereafter on January 1 and July 1 of each year (an interest payment date) and will mature on January 1 in the years and amounts varying from \$235,000 in 2019 up to \$385,000 in 2038. The 2018 Bonds are being issued under the authority of Chapter 125, Part 1, Florida Statutes, as amended, Sections 206.41, and 336.024, Florida Statutes, as amended and other applicable provisions of law and under and pursuant to Resolution No. 2017-092617-01, adopted by the Board of County Commissioners of the County on September 26, 2017. The Bonds are special obligations of the County and are payable solely from and secured by a prior lien upon and pledge of the proceeds from the five-cent optional tax on motor fuel as authorized by Section 336.025(1)(b) Florida Statutes.

The Bonds were issued to provide sufficient funding to finance the cost of acquisition and construction of certain road improvements within the County.

**JEFFERSON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 9 - Long-Term Debt (Continued)

The County borrowed funds in the amount of \$85,000, with an interest rate of 4.75%, to purchase an ambulance. The note payable is to be paid in full with any outstanding interest on November 12, 2019. The note is collateralized by equipment.

The County borrowed funds in the amount of \$40,191, with an interest rate of 4.75%, to purchase an ambulance. The note payable includes monthly payments of \$1,760. The note will be paid off in December of 2020 is collateralized by equipment.

Long-term debt activity for the year ended September 30, 2019, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental Activities:					
Revenue Bonds	\$ 3,645,000	\$ 0	\$ 205,000	\$ 3,440,000	\$ 210,000
Revenue Bond 2018 Road Bond	5,850,000	0	235,000	5,615,000	225,000
Note Payable	1,257,428	125,191	343,279	1,039,340	403,850
Capital Lease Obligations	654,273	2,212,855	490,180	2,376,948	571,761
Compensated Absences	414,700	5,852	0	420,552	105,138
Landfill Closure and Post-Closure Costs	169,061	0	3,628	165,433	56,353
Total	\$ 11,990,462	\$ 2,343,898	\$ 1,277,087	\$13,057,273	\$ 1,572,102

Payments on revenue bonds, leases payable and note payable that pertain to the County's governmental activities are made by the debt service funds. The compensated absences liability attributable to the governmental activities will be liquidated primarily by the General Fund.

Debt service requirements on long-term debt at September 30, 2019 are as follows:

FISCAL YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES			
	REVENUE BONDS		CAPITAL LEASE OBLIGATIONS	
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2020	\$ 435,000	\$ 258,153	\$ 571,761	\$ 106,634
2021	445,000	249,790	473,048	88,665
2022	460,000	237,515	432,411	67,670
2023	470,000	224,815	322,073	46,898
2024	480,000	212,965	505,313	2,692
2025-2029	2,605,000	868,784	0	0
2030-2034	2,695,000	483,932	0	0
2035-2038	1,465,000	126,540	0	0
Total	\$ 9,055,000	\$ 2,662,494	\$ 2,304,607	\$ 312,559

**JEFFERSON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 9 - Long-Term Debt (Continued)

FISCAL YEAR ENDING SEPTEMBER 30,	<u>GOVERNMENTAL ACTIVITIES</u>	
	<u>NOTES PAYABLE</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>
2020	\$ 403,850	\$ 29,525
2021	180,219	18,770
2022	37,271	16,378
2023	38,758	14,890
2024	39,859	13,507
2025-2029	224,469	42,365
2030-2034	98,383	3,902
Total	\$ 1,022,809	\$ 139,337

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

Note 10 – Employee Retirement Plan

Defined Benefit Plans

Plan Description

The County participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability and death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000 or by calling (844) 377-1888.

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

JEFFERSON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 10 – Employee Retirement Plan (Continued)

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

Benefits Provided

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

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30, and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Contributions

The contribution requirements of plan members and the County are established and may be amended by the Florida Legislature. Employees are required to contribute 3% of their salary to FRS. The County’s contribution rates for the year ended September 30, 2019 were as follows:

	Year Ended June 30, 2019		Year Ended June 30, 2020	
	FRS	HIS	FRS	HIS
Regular Class	6.54%	1.66%	6.75%	1.66%
Elected County Officers	46.98%	1.66%	47.10%	1.66%
Senior Management	22.34%	1.66%	23.69%	1.66%
Special Risk Employee Class	22.78%	1.66%	23.76%	1.66%
DROP Plan Participants	12.37%	1.66%	12.94%	1.66%

The County’s contributions for the year ended September 30, 2019, were \$993,513 to FRS and \$110,818 to HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2019, the County reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2019, and the total pension liabilities used to calculate the net pension liability were determined by actuarial valuation date July 1, 2018. The County’s proportions of the net pension liabilities were based on the County’s share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

**JEFFERSON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 10 – Employee Retirement Plan (Continued)

	FRS	HIS
Net Pension Liability at June 30, 2019	\$ 10,740,072	\$ 2,197,851
Proportion at:		
Current Measurement Date	0.0311861%	0.0196430%
Prior Measurement Date	0.0299989%	0.0191325%
Pension Expense (Benefit)	\$ 2,817,027	\$ 176,116

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 637,008	\$ 6,665
Changes of assumptions	2,758,513	0
Net difference between projected and actual earnings on Pension Plan Investments	0	594,197
Changes in proportion and differences between employer contributions and proportionate share of contributions	448,600	95,225
Employer contributions subsequent to the measurement date	261,008	0
Total	<u>\$ 4,105,145</u>	<u>\$ 696,087</u>

	HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,695	\$ 2,691
Changes of assumptions	254,490	179,635
Net difference between projected and actual earnings on Pension Plan Investments	1,418	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	126,476	58,697
Employer contributions subsequent to the measurement date	28,225	0
Total	<u>\$ 437,304</u>	<u>\$ 241,023</u>

**JEFFERSON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 10 – Employee Retirement Plan (Continued)

Deferred outflows or resources related to employer contributions paid subsequent to the measurement date and prior to the employer’s fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2019. Other pension related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Measurement period ending June 30,	FRS	HIS
2020	1,141,084	60,956
2021	372,211	33,864
2022	790,299	32,470
2023	607,770	(485)
2024	186,007	16,679
Thereafter	50,679	24,573
Total	\$ 3,148,050	\$ 168,057

Actuarial Assumptions

The total pension liability for each of the defined benefit plans, measured as of June 30, 2019, was determined by an actuarial valuation dated July 1, 2018, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary Increase	3.25% Average, Including Inflation	3.25%
Investment Rate of Return	6.90%	N/A
Discount Rate	6.90%	3.50%
Municipal Bond	N/A	3.50%

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

For both plans, the actuarial assumptions used in the valuation date June 30, 2019 were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

The following changes in key actuarial assumptions occurred in 2019:

- FRS: The long-term expected rate of return was decreased from 7.00% to 6.90% and the active member mortality assumption was updated.
- HIS: The municipal rate used to determine total pension liability was decreased from 3.87% to 3.50%.
- The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For FRS, the table below summarizes the target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class.

**JEFFERSON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 10 – Employee Retirement Plan (Continued)

Asset Class	Target Allocation	Annual Arithmetic Return	Geometric Return	Standard Deviation
Cash	1%	3.3%	3.3%	1.2%
Fixed income	18%	4.1%	4.1%	3.5%
Global equity	54%	8.0%	6.8%	16.5%
Real estate (property)	11%	6.7%	6.1%	11.7%
Private equity	10%	11.2%	8.4%	25.8%
Strategic investments	6%	5.9%	5.7%	6.7%
	<u>100%</u>			
Assumed Inflation-Mean			2.6%	1.7%

Discount Rate

The discount rate used to measure the total pension liability for FRS was 6.90%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because HIS is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.50% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the County's proportionate share of the net pension liability if the discount rate was 1% higher or 1% lower than the current discount rate.

	FRS		
	Current		
	1% Decrease	Discount Rate	1% Increase
Employer's proportionate share of the net pension liability	\$18,566,008	\$10,740,072	\$4,204,092
	HIS		
	Current		
	1% Decrease	Discount Rate	1% Increase
Employer's proportionate share of the net pension liability	\$2,508,961	\$2,197,852	\$1,938,734

JEFFERSON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 10 – Employee Retirement Plan (Continued)

Pension Plans' Fiduciary Net Position

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

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan (FRS Investment Plan), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class.

Note 11 - Grants

The County participates in a number of federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for, or including the year ended September 30, 2019, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the County's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined, although the County expects such amounts, if any, to be immaterial.

Note 12 – Fund Equity

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

- **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 non-spendable, restricted or committed.
- **Unassigned** – All amounts not included in other spendable classifications.

**JEFFERSON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 12 – Fund Equity (Continued)

The County had \$18,544 in non-spendable fund balance which represents the inventory balance at September 30, 2019. There was \$4,027,111 in restricted fund balance, and \$3,041,006 in unrestricted fund balance to a total fund balance of \$7,086,661 at September 30, 2019.

RESTRICTED FUND BALANCE:

FUND	PURPOSE	AMOUNT	TOTAL
General fund:	Funding for:		
	Landfill Escrow	\$ 138,654	
	Medical Impact Fee	79,061	
	Tourist Development Tax	89,429	
	Fire Impact Fees	61,110	
	Mosquito Control	64,052	
	Total general fund		432,306
Special revenue funds:	Funding for:		
	Transportation	436,927	
	Capital Projects	2,241,291	
	Grants	520,020	
	Old debt Service	275,919	
	New debt service	84,693	
	Record Modernization	20,838	
	Sheriff special revenue	15,117	
	Total special revenue funds		3,594,805
Total restricted fund balance			\$ 4,027,111

Note 13 – Litigation and Contingent Liabilities

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

JEFFERSON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 14 - Landfill Closure and Post Closure Care Costs

The County was required by State law to close its landfill which has no further capacity as of September 30, 1994. The post closure cost of maintenance, monitoring and testing are estimated to be approximately \$56,353 per year for the next 3 years. The estimate of post closure costs is based upon information provided by environmental engineers and consultants under contract with the County. The Solid Waste Trust Fund is a special revenue fund maintained by the County to accumulate the assets necessary to fund the post closure liabilities referenced above. The County maintains an escrow account to fund post closure costs annually. The escrow balance at September 30, 2019, was \$138,654.

Note 15 – Post Employment Benefits Other Than Pension

Plan Description

The County has implemented Governmental Accounting Standards Board Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions for retiree health insurance.

The Jefferson County Retiree Healthcare Plan (Plan) is a single employer defined benefit healthcare plan which provides Other Postemployment Benefits (OPEB) to eligible retirees and their eligible dependents. Pursuant to the provisions of Section 112.0801, the Florida Statutes, employees who retire from the County and eligible dependents, may continue to participate in the group health insurance plan. Retirees and their eligible dependents shall be offered the same health insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. The Plan does not issue a publicly available financial report.

Eligibility for participation in the Plan is limited to full-time employees of the County if the criteria have been met to qualify for retirement benefits. See Note 10.

Benefits Provided

The County provides post-employment healthcare to its retirees. Health benefits are provided through the County's healthcare provider. The benefit levels are the same as those afforded to active employees. Health benefits include inpatient and outpatient medical services and prescriptions.

Membership

At September 30, 2019, there were no terminated employees entitled to benefits by not yet receiving them. The membership of the Plan consisted of:

Active employees	141
Retirees and beneficiaries currently receiving benefits	23
<hr/> Total membership	<hr/> 164
<hr/> <hr/> Participating employers	<hr/> <hr/> 1

**JEFFERSON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 15 – Post Employment Benefits Other Than Pension (Continued)

Contributions and Funding Policy

A qualifying trust or agency fund has not been authorized by the County. The County negotiates the premium rates with Capital Health Plan. The required contribution is based on pay-as-you-go financing requirements. Retirees and beneficiaries currently receiving benefits are required to contribute 100% of their current premium costs, which for fiscal year 2019 was \$179,055. The chart below shows the cost of the monthly retiree premiums as of the valuation date:

Coverage	Capital Health Plan
Retiree	\$ 710.99
Retiree & Spouse	\$ 1,364.29
Retiree & Children	\$ 1,159.93
Family	\$ 1,771.67

OPEB Liability and Expense

At September 30, 2019, the County reported a liability of \$2,016,154 for the net OPEB liability. The net OPEB liability was measured as of September 30, 2019 and was determined by an actuarial valuation as of October 1, 2018. Standard actuarial update procedures were used to roll forward to the measurement date from the actuarial valuation date.

For the year ended September 30, 2019, the County recognized OPEB expense of \$226,031. At September 30, 2019, the County reported deferred outflows of resources of \$943,748 and deferred inflows of resources of \$116,538, related to OPEB.

Actuarial Methods and Assumptions

The total OPEB liability in the October 1, 2018, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	3.58% per annum
Cost of Living Increase	Increase in accordance with the healthcare cost trend rates
Projected annual salaries increase	3.00% per annum
Healthcare cost trend rate	7.00% initial year reduced 0.5% each year until reaching ultimate trend rate of 5.00%

**JEFFERSON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 15 – Post Employment Benefits Other Than Pension (Continued)

Mortality RP-2000 generational table scaled using Scale AA
and applied on a gender-specific basis

Discount Rate – The discount rate used to measure the total OPEB liability was 3.58%. The discount rate is based on the 20-year municipal bond index as provided by the Asset Consulting Group.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the County’s proportionate share of the net OPEB liability, as well as what the Library’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (2.58%) or 1 percent point higher (4.58%) than the current discount rate:

	1% Decrease (2.58%)	Current Discount Rate	1% Increase (4.58%)
Net OPEB Liability	\$ 2,222,666	\$ 2,016,154	\$ 1,835,420

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate- The following presents the County’s proportionate share of the net OPEB liability if it were calculated using healthcare cost trend rates that are 1 percent lower (4.00%) or 1 percent point higher (6.00%) than the current healthcare cost trend rates:

	1% Decrease (6.00% Decreasing to 4.00%)	Current Healthcare Cost Trend Rate (7.00% decreasing to 5.00%)	1% Increase (8.00% decreasing to 6.00%)
Net OPEB Liability	\$ 1,774,850	\$ 2,016,154	2,307,443

Note 16 – Operating Lease

The County currently leases office space from Jefferson County, Florida School Board for \$24,000 per year. The County also has various equipment leases. During fiscal year 2018, the County entered an operating lease for several items of heavy equipment. The future minimum payments due from the County are as follow, for the years ended September 30:

2020	\$	53,871
2021		53,871
2022		53,871
Total	\$	161,613

JEFFERSON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 17 – Risk Management

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

- Real and Personal Property Damage
- Public Employees Bond
- Workers' Compensation and Employer's Liability
- General and Automobile Liability
- Comprehensive General Liability
- Accidental Death and Dismemberment
- Public Officials' Liability
- Inmate Major Medical

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

Note 18 – Commitments and Contingencies

Contractual Commitments

At September 30, 2019, the Board had contractual commitments for construction projects in excess of amounts recognized in the financial statements.

Note 19 – Subsequent Events

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

Subsequent to year end, the County also approved multiple construction contracts related to road construction projects to be completed within the 2019 fiscal year.

**JEFFERSON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 20 – Deficit Fund Balances

The Board had eight special revenue funds with deficit fund balances as of September 30, 2019 as follows:

FUNDS	FUND BALANCE
Fire Assessment	\$ (93,868)
E-911	\$ (4,608)
Landfill	\$ (208,090)
EMS	\$ (160,535)
Tourist Tax	\$ (91)
Literacy Alliance	\$ (72,173)
FEMA	\$ (21,596)
Capital Projects	\$ (71,663)

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

COMBINING FINANCIAL STATEMENTS

**JEFFERSON COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

Page 1 of 2

	Special Revenue							
	SHIP Trust Fund	Grants Fund	Fire Assessment	Payroll	E-911 Fund	Landfill	EMS	Tourist Tax
Assets								
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 0	\$ 2,567	\$ 0	\$ 0	\$ 0	\$ 0
Restricted Cash and Cash Equivalents	231,530	180,514	0	0	0	0	0	0
Accounts Receivable (Net)							126,707	
Due from Other Funds	16,224	494,344	0	0	0	0		0
Due from Other Government Units	0	0	27,064	0	13,946	50,523	801	5,035
Total Assets	247,754	674,858	27,064	2,567	13,946	50,523	127,508	5,035
Liabilities								
Accounts Payable and Accrued Expenses	0	0	32,780	2,567	16,718	114,579	12,566	2,314
Interest Payable	0	0	0	0	0	0	0	0
Due to Other Funds	0	154,838	88,152	0	1,837	144,035	275,477	2,812
Unearned Revenue	247,754	0	0	0	0	0	0	0
Total Liabilities	247,754	154,838	120,932	2,567	18,555	258,614	288,042	5,126
Fund Balances								
Restricted	0	520,020	0	0	0	0	0	0
Unassigned	0	0	(93,868)	0	(4,608)	(208,090)	(160,535)	(91)
Total Fund Balances	0	520,020	(93,868)	0	(4,608)	(208,090)	(160,535)	(91)
Total Liabilities and Fund Balances	\$ 247,754	\$ 674,858	\$ 27,064	\$ 2,567	\$ 13,946	\$ 50,523	\$ 127,508	\$ 5,035

See Independent Auditors' Report

**JEFFERSON COUNTY, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

Page 2 of 2

	Special Revenue				Debt Service				Total
	Literacy Alliance	Sheriff	FEMA	Court	Record Modernization	Capital Project	Debt (Old)	Debt (New)	Non-Major Governmental Fund
Assets									
Cash and Cash Equivalents	\$ 156,074	\$ 0	\$ 26,913	\$ 25,552	\$ 13,390	\$ 0	\$ 0	\$ 0	\$ 224,495
Restricted Cash and Cash Equivalents	0	15,117	0	0	7,448	0	317,596	54,461	806,665
Accounts Receivable (Net)									126,707
Due from Other Funds	0	0	0	0	0	0	0	0	510,568
Due from Other Government Units	0	0	0	14,962	0	0	0	30,233	142,564
Total Assets	156,074	15,117	26,913	40,514	20,838	0	317,596	84,694	1,811,000
Liabilities									
Accounts Payable and Accrued Expenses	905	0	0	0	0	0	0	0	182,428
Interest Payable	0	0	0	0	0	0	36,908	0	36,908
Due to Other Funds	201,851	0	48,509	0	0	71,663	4,769	0	993,941
Unearned Revenue	25,491	0	0	40,514	0	0	0	0	313,759
Total Liabilities	228,247	0	48,509	40,514	0	71,663	41,677	0	1,527,036
Fund Balances									
Restricted	0	15,117	0	0	20,838	0	275,919	84,694	916,588
Unassigned	(72,173)	0	(21,596)	0	0	(71,663)	0	0	(632,624)
Total Fund Balances	(72,173)	15,117	(21,596)	0	20,838	(71,663)	275,919	84,694	283,964
Total Liabilities and Fund Balances	\$ 156,074	\$ 15,117	\$ 26,913	\$ 40,514	\$ 20,838	\$ 0	\$ 317,596	\$ 84,694	\$ 1,811,000

See Independent Auditors' Report

JEFFERSON COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

Page 1 of 3

	Special Revenue					
	SHIP Trust Fund	Grants Fund	Fire Assessment	Payroll	E-911 Fund	Landfill
Revenues						
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,466	\$ 1,055,139
Intergovernmental	0	0	855,021	0	73,519	0
Grants	197,478	0	0	0	0	90,909
Charges for Services	0	0	3,170	0	50,724	474,999
Investment Earnings	31	90	1,940	0	0	3,451
Other Miscellaneous Earnings	0	0	0	0	0	2,700
Total Revenues	197,509	90	860,131	0	162,709	1,627,198
Expenditures						
Current:						
General Government	0	0	0	0	0	0
Public Safety	0	0	0	0	384,119	0
Fire Safety	0	0	865,880	0	0	0
Physical Environment	0	0	0	0	0	1,803,148
Health and Sanitation	0	0	0	0	0	0
Transportation	0	0	0	0	0	0
Economic Development	197,509	5,653	0	0	0	0
Court-Related	0	0	0	0	0	0
Capital Outlay	0	0	29,318	0	0	435,449
Debt Service						
Principal	0	0	0	0	0	91,505
Interest and Other Charges	0	0	0	0	0	11,445
Total Expenditures	197,509	5,653	895,198	0	384,119	2,341,547
Excess (Deficiency) of Revenue over (Under) Expenditures	0	(5,563)	(35,068)	0	(221,410)	(714,349)
Other Financing Sources (Uses)						
Transfers In	0	0	20,131	0	0	0
Transfers (Out)	0	0	0	0	0	0
Proceeds from Long Term Debt	0	0	0	0	0	350,000
Net Other Financing Sources (Uses)	0	0	20,131	0	0	350,000
Net Changes in Fund Balances	0	(5,563)	(14,937)	0	(221,410)	(364,349)
Fund Balances-Beginning	0	525,583	(78,931)	0	216,802	156,259
Fund Balances-End	\$ 0	\$ 520,020	\$ (93,868)	\$ 0	\$ (4,608)	\$ (208,090)

See Independent Auditors' Report

JEFFERSON COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

Page 2 of 3

	Special Revenue					
	EMS	Tourist Tax	Literacy Alliance	Sheriff	FEMA	Court
Revenues						
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	0	75,296	0	0	0	187,674
Grants	48,380	0	200,886	160,652	26,913	0
Charges for Services	796,154	0	0	0	0	0
Investment Earnings	0	256	0	0	0	0
Other Miscellaneous Earnings	4,710	0	0	46,591	0	332,936
Total Revenues	849,244	75,552	200,886	207,243	26,913	520,610
Expenditures						
Current:						
General Government	0	75,643	0	0	0	0
Public Safety	1,127,128	0	0	208,159	48,509	0
Fire Safety	0	0	0	0	0	0
Physical Environment	0	0	0	0	0	0
Health and Sanitation	0	0	0	0	0	0
Transportation	0	0	0	0	0	0
Economic Development	0	0	272,847	0	0	0
Court-Related	0	0	0	0	0	520,610
Capital Outlay	234,584	0	0	25,000	0	0
Debt Service						
Principal	0	0	0	0	0	0
Interest and Other Charges	0	0	0	0	0	0
Total Expenditures	1,361,712	75,643	272,847	233,159	48,509	520,610
Excess (Deficiency) of Revenue over (Under) Expenditures	(512,468)	(91)	(71,961)	(25,916)	(21,596)	0
Other Financing Sources (Uses)						
Transfers In	266,934	0	0	21,739	0	0
Transfers (Out)	0	0	0	0	0	0
Proceeds from Long Term Debt	85,000	0	0	0	0	0
Net Other Financing Sources (Uses)	\$ 351,934	\$ 0	0	21,739	0	0
Net Changes in Fund Balances	\$ (160,535)	\$ (91)	(71,961)	(4,177)	(21,596)	0
Fund Balances-Beginning	0	0	(212)	19,294	0	0
Fund Balances-End	\$ (160,535)	\$ (91)	\$ (72,173)	\$ 15,117	\$ (21,596)	\$ 0

See Independent Auditors' Report

JEFFERSON COUNTY, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

Page 3 of 3

	Special Revenue		Debt Service		Total Nonmajor Governmental Funds
	Record Modernization	Capital Project	Debt (Old)	Debt (New)	
Revenues					
Taxes	\$ 0	\$ 0	\$ 0	\$ 347,823	\$ 1,441,428
Intergovernmental	0	0	0	0	1,191,510
Grants	0	0	0	0	725,218
Charges for Services	0	0	0	0	1,325,047
Investment Earnings	0	4	120	0	5,891
Other Miscellaneous Earnings	25,465	0	0	0	412,402
Total Revenues	25,465	4	120	347,823	5,101,496
Expenditures					
Current:					
General Government	46,976	0	361	0	122,981
Public Safety	0	0	0	0	1,767,915
Fire Safety	0	0	0	0	865,880
Physical Environment	0	0	0	0	1,803,148
Health and Sanitation	0	120	0	0	120
Transportation	0	0	0	750	750
Economic Development	0	0	0	0	476,009
Court-Related	0	0	0	0	520,610
Capital Outlay	0	0	0	0	724,351
Debt Service					
Principal	0	0	469,115	235,000	795,620
Interest and Other Charges	0	0	99,905	172,925	284,274
Total Expenditures	46,976	120	569,381	408,675	7,361,660
Excess (Deficiency) of Revenue over (Under) Expenditures	(21,511)	(117)	(569,261)	(60,852)	(2,260,164)
Other Financing Sources (Uses)					
Transfers In	0	0	569,020	0	877,824
Transfers (Out)	0	0	0	0	0
Proceeds from Long Term Debt	0	0	0	0	435,000
Net Other Financing Sources (Uses)	0	0	569,020	0	1,312,824
Net Changes in Fund Balances	(21,511)	(117)	(241)	(60,852)	(947,340)
Fund Balances-Beginning	42,349	(71,547)	276,160	145,546	1,231,304
Fund Balances-End	\$ 20,838	\$ (71,663)	\$ 275,919	\$ 84,694	\$ 283,964

See Independent Auditors' Report

JEFFERSON COUNTY, FLORIDA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2019

	Clerk of the Circuit Court	Tax Collector	Sheriff	Totals
Assets				
Cash and Cash Equivalents	\$ 83,895	\$ 1,166,413	\$ 14,028	\$ 1,264,336
Total Assets	83,895	1,166,413	14,028	1,264,336
Liabilities				
Due to Other Governments	0	1,004,292	0	1,004,292
Due to Other Funds	83,895	162,121	0	246,016
Due to Others	0	0	14,028	14,028
Total Liabilities	\$ 83,895	\$ 1,166,413	\$ 14,028	\$ 1,264,336

See Independent Auditors' Report

REQUIRED SUPPLEMENTAL INFORMATION

JEFFERSON COUNTY, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS AS OF SEPTEMBER 30

	2019	2018	2017	2016	2015
Florida Retirement System (FRS)					
Proportion of the net pension liability (asset)	0.03118610%	0.0299989%	0.0296000%	0.0295000%	0.0295000%
Proportionate share of the net pension liability (asset)	\$ 10,740,072	\$ 9,035,828	\$ 8,742,900	\$ 7,441,356	\$ 3,809,280
Covered-employee payroll	\$ 9,804,912	\$ 6,417,339	\$ 6,397,923	\$ 6,117,786	\$ 6,080,100
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	109.54%	140.80%	136.65%	121.63%	62.65%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%	84.88%	92.00%
Health Insurance Subsidy Program (HIS)					
Proportion of the net pension liability (asset)	0.019643000%	0.019132500%	0.018700000%	0.018700000%	0.018900000%
Proportionate share of the net pension liability (asset)	\$ 2,197,851	\$ 2,025,004	\$ 2,002,330	\$ 2,182,199	\$ 1,926,120
Covered-employee payroll	\$ 9,804,912	\$ 6,417,339	\$ 6,397,923	\$ 6,117,786	\$ 6,080,100
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	22.42%	31.56%	31.30%	35.67%	31.68%
Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.15%	1.64%	0.97%	0.50%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

JEFFERSON COUNTY, FLORIDA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS AS OF SEPTEMBER 30

	2019	2018	2017	2016	2015
Florida Retirement System (FRS)					
Contractually required contribution	\$ 993,513	\$ 874,921	\$ 774,744	\$ 745,245	\$ 719,039
Contributions in relation to the contractually required contribution	(993,513)	(874,921)	(774,744)	(745,245)	(719,039)
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	\$ 9,804,912	\$ 6,417,339	\$ 6,397,923	\$ 6,117,786	\$ 6,080,100
Contributions as a percentage of covered-employee payroll	10.13%	13.63%	12.11%	12.18%	11.83%
Health Insurance Subsidy Program (HIS)					
Contractually required contribution	\$ 110,818	\$ 104,360	\$ 100,570	\$ 96,042	\$ 72,196
Contributions in relation to the contractually required contribution	(110,818)	(104,360)	(100,570)	(96,042)	(72,196)
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	\$ 9,804,912	\$ 6,417,339	\$ 6,397,923	\$ 6,117,786	\$ 6,080,100
Contributions as a percentage of covered-employee payroll	1.13%	1.63%	1.57%	1.57%	1.19%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the City will present information for only those years for which information is available.

JEFFERSON COUNTY, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS (OPEB)
YEAR ENDED SEPTEMBER 30, 2019

Reporting Period Ending	9/30/2019	9/30/2018	9/30/2017
Measurement Date	9/30/2018	9/30/2017	9/30/2016
TOTAL OPEB LIABILITY			
Service Cost	\$ 179,055	\$ 68,889	\$ 70,749
Expected Interest Rate Growth	34,306	29,393	26,162
Unexpected Investment Income	0	0	0
Demographic Experience	20,987	0	0
Employer Contributions	0	0	0
Employee Contributions	0	0	0
Changes of Benefit Terms	0	0	0
Amortization Payments	0	(21,150)	0
Changes of Assumptions	1,049,439	(137,688)	0
Benefit Payments	(92,858)	(53,185)	(42,787)
Net Change in Total OPEB Liability	1,190,929	(113,741)	54,124
Total OPEB Liability-Beginning	825,225	938,966	884,842
Total OPEB Liability-Ending	\$ 2,016,154	\$ 825,225	\$ 938,966
Covered Employee Payroll (Projected)	N/A	\$ 4,272,723	\$ 4,272,723
City's Total OPEB Liability as a Percentage of Covered Employee Payroll	N/A	19.31%	21.98%

COMPLIANCE SECTION

**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 Board of County Commissioners
and Constitutional Officers of Jefferson County, Florida
Monticello, Florida

We have audited, 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 of the United States, the financial statements of the governmental activities, and each major fund and the aggregate remaining fund information for Jefferson County, Florida, (the "County") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Jefferson County, Florida's basic financial statements and have issued our report thereon dated November 12, 2020.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies that may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a significant deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies, listed as Board 2018-001, Board 2008-001, Clerk 2008-001, and Clerk 2008-002 described in the accompanying schedule of findings and questioned costs to be material weaknesses.

**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
(Concluded)**

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the schedule of findings and questioned costs as item Board 2015-001, Board 2008-002, Sheriff 2008-001, SOE 2008-001, and SOE 2008-002, to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not result in any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Jefferson County's Response to Findings

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

Purpose of this Report

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

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, Florida

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

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

Report on Compliance for Each Major State Project

We have audited Jefferson County, Florida, Board of County Commissioners' (the "County") compliance with the types of compliance requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of its major state projects for the year ended September 30, 2019. Jefferson County, Florida's major state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*. Those standards and Chapter 10.550, *Rules of the Florida Auditor General* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on each Major State Project

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state project for the year ended September 30, 2019.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL
(Concluded)**

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Board's internal control over compliance with the type of requirements that could have a direct and material effect on each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, Florida

**JEFFERSON COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Page 1 of 2

State Agency			Grant/ Contract	
State Program Title	CSFA		Number	
State Financial Assistance Projects	Number		Number	Expenditures
Florida Executive Office of the Governor				
Emergency Management Program				
Emergency Management Program - Preparedness & Assistance	31.063	19-BG-21-02-43-01-155	\$	105,806
Emergency Management Program - Preparedness & Assistance	31.063	19-FG-AF-02-43-01-177		26,003
Total Florida Executive Office of the Governor				131,809
Florida Department of Environmental Protection				
Waste Management Program				
Small County Consolidation Grant - Solid Waste	37.012	SC919		90,909
Total Florida Department of Environmental Protection				90,909
Florida Housing Finance Corporation				
Florida Housing Finance Corporation Program				
State Housing Initiatives Partnership Program (SHIP)	40.901	n/a		197,478
Total Florida Housing Finance Corporation				197,478
Florida Department of Agriculture				
Consumer Protection Program				
Mosquito Control	42.003	n/a		34,481
Total Florida Department of Agriculture				34,481
Florida Department of State and Secretary of State				
Library and Information Services Program				
State Aid to Libraries	45.030	19-ST-94		156,399
Historical Resources Preservation and Exhibition Program				
Acquisition, Restoration of Historic Property - Monticello High School	45.032	SC728		177,616
Total Florida Department of State and Secretary of State				334,015

**JEFFERSON COUNTY, FLORIDA
SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Page 2 of 2

State Agency			
State Program Title	CSFA	Grant/ Contract	
State Financial Assistance Projects	Number	Number	Expenditures
Florida Department of Transportation			
Highway Operations			
County Incentive Grant Program - Beth Page Road	55.008	G0D88	52,469
County Incentive Grant Program - Pinhook Road	55.008	G0S37	130,911
Total Highway Operations			183,380
Transportation Systems Operations Program			
Small County Outreach Program (SCOP)	55.009	G1205	165,777
Total SCOP			165,777
Highway Operations Program			
Small County Road Assistance Program (SCRAP) - Freeman Road	55.016	G0D87	509,786
Small County Road Assistance Program (SCRAP) - Turner Anderson	55.016	G0S42	10,382
Small County Road Assistance Program (SCRAP) - Thompson Valley	55.016	G1189	850,121
Small County Road Assistance Program (SCRAP) - S. Main Avenue	55.016	G1201	39,676
Small County Road Assistance Program (SCRAP) - River Road	55.016	G1201	99,942
Total SCRAP			1,509,907
Total Florida Department of Transportation			1,859,064
Florida Department of Health			
Emergency Medical Services Program			
EMS Matching Awards - County Grant	64.003	MO6013	44,118
EMS Matching Awards - County Grant	64.005	C7033	4,262
Total Florida Department of Health			48,380
Total Expenditures of State Financial Assistance Projects			\$ 2,696,136

JEFFERSON COUNTY, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Note 1 – Basis of Accounting

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

Note 2 – Reporting Entity

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

Note 3 – Indirect Cost

The County has not elected to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4 – Other Types of Financial Assistance

There were no other types of financial assistance to include endowments, insurance in effect, non-cash assistance, donated property, or free rent received or included in the schedule of expenditures of state financial assistance.

**JEFFERSON COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Summary of Audit Results

1. The Independent Auditors' Report expresses an unmodified opinion on the financial statements of Jefferson County, Florida (the "County").
2. Material weaknesses and 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." The findings listed as Board 2018-001, Board 2008-001, Clerk 2008-001, and Clerk 2008-002 are material weaknesses. In addition, the findings listed as Board 2015-001, Board 2008-002, Sheriff 2008-001, SOE 2008-001, and SOE 2008-002 are significant deficiencies.
3. No instances of noncompliance material to the financial statements of the County were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of the major state financial assistance projects are reported in the "Independent Auditors' Report on Compliance for Each Major State Project and on Internal Control over Compliance Required by Chapter 10.550, *Rules of the Auditor General*".
5. The "Independent Auditors' Report on Compliance for Each Major State Project and on Internal Control Over Compliance Required by Chapter 10.550, *Rules of the Florida Auditor General*" for Jefferson County, Florida expresses an unmodified opinion.
6. There were no findings relative to the major state financial assistance projects for Jefferson County, Florida.
7. The program/projects tested as major programs/projects included the following:

State Projects:	CSFA No.
Florida Department of Transportation	
County Incentive Grant Program	55.008
Small County Outreach Program	55.009
Small County Road Assistance Program	55.016

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

**JEFFERSON COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

Findings – Financial Statement Audit

BOARD OF COUNTY COMMISSIONERS – Prior Year Comments

County Budget – Board 2018 – 001

CRITERIA: The County has many Florida Statute requirements regarding the adoption of annual budget F.S. 129.01 requires it to be adopted at a level of detail required for the annual financial report.

CONDITION: The county budget was not prepared on a basis consistent with how the financial statements are prepared. It does not include budgets for the Constitutional officers that is consistent with their actual results. The Board’s final adopted budget does not contain sufficient detail at the fund level and fails to account for the significant amounts of lease purchases made.

CAUSE: The County does not have a detailed budget of consistent detail to make a budget vs actual computation for each fund.

EFFECT: The County overspent the budget for the 2019 Transportation fund (a major fund) by over \$1,690,000 a violation of F.S 129.08. The Sheriff also overspent his budget because of outside grants and other revenues not budgeted.

RECOMMENDATION: We recommend the County adopt a budget in sufficient detail to include all actual funds being used to record transactions including all Constitutional officers. And that the budget be entered into the accounting system to enable the Board to monitor actual versus budget comparisons on a monthly basis.

VIEW OF RESPONSIBLE OFFICIALS: See Management’s Response and Corrective Action Plan on page 74.

Grant Accounting – Board 2015-001

CRITERIA: The accrual basis of accounting should be used to record grant transactions.

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

CAUSE: Accounting staff recorded transactions on the cash basis.

EFFECT: Certain receivables, deferrals and payables were not recorded on a timely basis.

RECOMMENDATION: Accrual basis accounting must be followed to accurately record grant revenues and expenditures in the proper period. Account balances must be reviewed for proper cutoff and correct period of recognition including grant receivables, accounts payable and deferred income. We further recommend the County seek assistance from an accounting professional to work with existing staff and provide accounting guidance and oversight.

**JEFFERSON COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

STATUS: This condition continues to exist.

VIEW OF RESPONSIBLE OFFICIALS: See Management's Response and Corrective Action Plan on page 74.

Segregation of Duties – Board 2008-001

CRITERIA: The internal control environment should include proper segregation of duties and responsibilities over accounting functions.

CONDITION: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not considered feasible by the County because of its size and limited number of employees. The County recognizes that the cost of its internal control structure should not exceed the benefits expected to be derived. The County also recognizes the inherent limitations of an internal control structure. Mistakes and irregularities may occur in any event with or without an adequate internal control structure. Furthermore, adequate segregation of duties can be circumvented by collusion among persons. Nevertheless, internal control is strengthened when incompatible duties are separated, and review procedures are established and adhered to.

CAUSE: The County has limited personnel in the accounting department.

EFFECT: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

RECOMMENDATION: We recommend that the County continue to seek ways to strengthen internal control through segregation of duties.

STATUS: There is still a lack of segregation of duties between employees who have recordkeeping responsibilities and employees with custody of County assets.

VIEW OF RESPONSIBLE OFFICIALS: See Management's Response and Corrective Action Plan on page 74.

Deficiency over Financial Reporting – Board 2008-002

CRITERIA: An entity's system of internal control over financial reporting should include controls over the prevention, detection and correction of misstatements in the audited financial statements.

CONDITION: The County relies on the external auditor to assist with preparing the financial statements in conformity with generally accepted accounting principles.

CAUSE: The County has an individual providing bookkeeping services; however, the County does not have an individual on staff with accounting education and experience to properly record more complex accounting transactions and prepare financial statements in accordance with generally accepted accounting principles.

**JEFFERSON COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

EFFECT: The fact the County does not have someone on staff to prepare the financial statements in accordance with generally accepted accounting principles and to record complex transactions results in a material weakness under professional standards.

RECOMMENDATION: We understand the cost-benefit of employing someone with this expertise is not practical, therefore, we recommend the County continue to request outside assistance in recording more complex transactions and that additional training and/or education be provided to existing staff to enable them to more accurately record financial activities.

CLERK OF COURT – Prior Year Comments

Segregation of Duties – C2008-001

CRITERIA: The internal control environment should include proper segregation of duties and responsibilities over accounting functions.

CONDITION: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not considered feasible by the Clerk's office because of its size and limited number of employees. The Clerk recognizes that the cost of its internal control structure should not exceed the benefits expected to be derived. The Clerk also recognizes the inherent limitations of an internal control structure. Mistakes and irregularities may occur in any event with or without an adequate internal control structure. Furthermore, adequate segregation of duties can be circumvented by collusion among persons. Nevertheless, internal control is strengthened when incompatible duties are separated, and review procedures are established and adhered to.

CAUSE: The Clerk's office has limited personnel in the accounting department.

EFFECT: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

RECOMMENDATION: We recommend that the Clerk's office continue to seek ways to strengthen internal control through segregation of duties. The Clerk should document their review of transactions, bank reconciliations and financial reports to provide evidence of compensating controls.

STATUS: This condition continues to exist.

VIEW OF RESPONSIBLE OFFICIALS: See Management's Response and Corrective Action Plan on page 75.

Deficiency over Financial Reporting – C2008-002

CRITERIA: An entity's system of internal control over financial reporting should include controls over the prevention, detection and correction of misstatements in the audited financial statements.

CONDITION: The County relies on the external auditor to assist with preparing the financial statements in conformity with generally accepted accounting principles.

**JEFFERSON COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

CAUSE: The County has an individual providing bookkeeping services; however, the County does not have an individual on staff with the accounting education and experience to properly record more complex accounting transactions and prepare financial statements in accordance with generally accepted accounting principles.

EFFECT: The fact the County does not have someone of staff to prepare financial statements in accordance with generally accepted accounting principles and to record complex accounting transactions results in a material weakness under professional standards.

RECOMMENDATION: We recommend the County continue to request outside assistance in recording more complex transactions and that additional training and/or education be provided to existing staff to enable them to more accurately record financial activities.

STATUS: This condition continues to exist.

SHERIFF AND SUPERVISOR OF ELECTIONS – Prior year Comments

Significant Deficiency 2008-001: Segregation of Duties

CRITERIA: The internal control environment should include proper segregation of duties and responsibilities over accounting functions.

CONDITION: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not considered feasible by the Sheriff and Supervisor of Elections' office because of its size and limited number of employees. They recognize that the cost of its internal control structure should not exceed the benefits expected to be derived. They also recognize the inherent limitations of an internal control structure. Mistakes and irregularities may occur in any event with or without an adequate internal control structure. Furthermore, adequate segregation of duties can be circumvented by collusion among persons. Nevertheless, internal control is strengthened when incompatible duties are separated and review procedures are established and adhered to.

CAUSE: The Sheriff's and Supervisor of Elections' office have limited personnel in the accounting department.

EFFECT: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

RECOMMENDATION: We recommended that the Sheriff's and Supervisor of Elections' office continue to seek ways to strengthen internal control through segregation of duties. The Sheriff and Supervisor of Elections should document their review of transactions, bank reconciliations and financial reports to provide evidence of compensating controls.

STATUS: This condition continues to exist for the Sheriff and the Supervisor of Elections.

VIEW OF RESPONSIBLE OFFICIALS: See Managements' Responses and Corrective Action Plans on pages 76 and 77.

**JEFFERSON COUNTY, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

SUPERVISOR OF ELECTIONS – Prior Year Comments

Significant Deficiency 2008-002: Preparation of GAAP-Based Financial Statements

CRITERIA: An entity’s system of internal control over financial reporting should include controls over the prevention, detection and correction of misstatements in the audited financial statements.

CONDITION: The County relies on the external auditor to assist with preparing the financial statements in conformity with generally accepted accounting principles.

CAUSE: The County has an individual providing bookkeeping services; however, the County does not have an individual on staff with accounting education and experience to properly record more complex accounting transactions and prepare financial statements in accordance with generally accepted accounting principles.

EFFECT: The fact the County does not have someone on staff to prepare the financial statements in accordance with generally accepted accounting principles and to record complex accounting transactions results in a material weakness under professional standards.

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

STATUS: This condition continues to exist for the Supervisor of Elections.

VIEW OF RESPONSIBLE OFFICIALS: See Management’s Response and Corrective Action Plan on page 76.

FINDINGS – MAJOR STATE PROJECTS

There were no current year findings.

PRIOR-YEAR FINDINGS AND QUESTIONED COSTS

None

MAJOR STATE PROJECTS

None

FINANCIAL STATEMENT AUDIT

None

INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of Jefferson County, Florida, (the "County") as of and for the fiscal year ended September 30, 2019 and have issued our report thereon dated November 12, 2020.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Chapter 10.550, *Rules of the Florida Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance for Each Major State Project and on Internal Control over Compliance Required by Chapter 10.550, *Rules of the Florida Auditor General*; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Florida Auditor General*. Disclosures in those reports and schedules, which are dated November 12, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted under the heading "Schedule of Findings and Questioned Costs."

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority of the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the notes financial statements. This information was disclosed in the notes to financial statements.

INDEPENDENT AUDITORS' MANAGEMENT LETTER
(Continued)

Financial Condition

Section 10.554(1)(i)5.a., and 10.556(7), *Rules of the Auditor General*, requires us to apply appropriate procedures and communicate the results of our determination as to whether or not the County has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the County. 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)2., *Rules of the Auditor General*, requires that we address in the management letter any findings and recommendations that improve financial management. In connection with our audit, we have no recommendations.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), *Rules of Auditor General*, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the County for the fiscal year ended September 30, 2019, 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, 2019. In connection with our audit, we determined that these two reports were in agreement.

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts and grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of This Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, Florida

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

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

We have examined the Jefferson County, Florida's (the "County") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. Management is responsible for the Jefferson County, Florida's compliance with those requirements. Our responsibility is to express an opinion on the Jefferson County, Florida's compliance based on our examination.

Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about the County's compliance with the specified requirements. The nature, timing, and extent of the procedures selected depends on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of the County's compliance with specific requirements.

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

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

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, Florida

**INDEPENDENT ACCOUNTANTS' REPORT ON
COMPLIANCE WITH SECTION 365.172(10)
AND SECTION 365.173(2)(d), FLORIDA STATUTES.**

The Honorable Board of County Commissioners
Of Jefferson County, Florida
Monticello, Florida

We have examined Jefferson County, Florida's (the "County") compliance with the requirements of Section 365.172(10), Florida Statutes, *Authorized Expenditures of E911 Fee*, and Section 365.173(2)(d), Florida Statutes, *Distribution and Use of (E911) Funds*, during the year ended September 30, 2019. Management is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on County's compliance based on our examination.

Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the County complied, in all material respect, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the County complied with the specified requirements. The nature, timing, and extent of the procedures selected depends on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of the County's compliance with specific requirements.

In our opinion, the County complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

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

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, Florida



KIRK REAMS

Jefferson County
Clerk of Court & CFO

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

October 27, 2020

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

RE: 2018-2019 Audit Report Findings

Dear Ms. Norman

In regards to the Moran & Smith CPA County Fiscal Year 2018-2019 audit findings and recommendations of Jefferson County, the following are our responses to findings 2018-001, 2015-001, 2008-001 and 2008-002:

We agree with finding 2018-001 which states the County did not adopt a budget that is consistent with how the financial statements are prepared. Their recommendation is that when adopting each year's budget, all funding sources whether they are Federal, State or Local should be listed and approved by the Board. It has been our operating practice that funding sources that have been used outside of the County have not been disclosed or approved by the County. For example, Jefferson County has several Constitutionals that are either partially or completely funded by the State of Florida. To comply with this recommendation, each Constitutional Office will have to agree to disclose all funding sources in order to provide more rounded budget transparency.

We agree with Finding 2015-001 which states the accrual basis of accounting should be used to record all grant activity. We will follow their recommendation to identify which grant revenues, expenditures and deferred income need to be accounted for in a different period. Resolving this issue will take a collaborative effort with both the County and all Constitutional Offices communicating and effectively working together to make sure all grant activity is properly identified.

We agree with finding C2008-001 that states there is not an ideal separation of duties between employees who have accounting and administrative duties. Jefferson County is small and has significant budget constraints that prohibits hiring enough staff to completely resolve this issue. We will follow the auditor's recommendation to continue to seek ways to strengthen internal controls through segregation of duties.

We also agree with finding C2008-002, which states the County does not have adequate staff to prepare financial statements in accordance with Generally Accepted Accounting Principles (GAAP). Although we are a small, fiscally constrained County that lacks the resources to prepare its own financial statements in accordance with GAAP, we feel that we can improve in this area. We will follow the auditor's recommendation to continue to train internal staff and use an outside firm to prepare the County financial statements in accordance with GAAP.

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

Sincerely,

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



KIRK REAMS

**Jefferson County
Clerk of Court & CFO**

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

October 27, 2020

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

RE: 2018-2019 Audit Report Findings

Dear Ms. Norman

In regards to the Moran & Smith CPA County Fiscal Year 2018-2019 audit findings and recommendations of the Jefferson County Clerk of the Circuit Court, the following are our responses to findings C2008-001 and C2008-002:

We agree with finding C2008-001 which states there is not an ideal separation of duties and responsibilities over accounting functions. Moran & Smith recommended that we continue to seek ways to strengthen internal controls through the segregation of duties. This includes documenting their review of transactions, bank reconciliations and financial reports to provide evidence of compensating controls. Due to the size and budgetary constraints of our County and office we may not be able to completely eliminate this issue, although we acknowledge that we can and want to improve. We have contracted with an external CPA firm to help assist Clerk staff with internal training and general financial accounting expertise. We feel that with their assistance and training, we can strengthen our internal controls through improved segregation of duties.

We agree with finding C2008-002 which states the Clerk of Court's Office does not have adequate staff to prepare financial statements in accordance with Generally Accepted Accounting Principles (GAAP). Moran & Smith recommended that we continue to request outside assistance with the preparation of financial statements in accordance with GAAP. Although we are a small, fiscally constrained County that lacks the resources to prepare its own financial statements in accordance with GAAP, we feel that we can internally improve in this area. We have contracted with an external CPA firm to assist with more complex financial accounting transactions and we feel that through their training and expertise, we can improve in accurately recording and presenting our financial activities. We will also continue to use an outside firm to prepare our financial statements in accordance with GAAP.

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

Sincerely,

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



Marty Bishop

*Jefferson County
Supervisor of Elections*

380 West Dogwood Street • Monticello, Florida 32344 • (850) 997-3348 • Fax: (850) 997-6958 • E-mail: soejeffersonco@aol.com

Jefferson County, Florida

Supervisor of Elections

Management's Response

Auditor General's Office
Post Office Box 1735
Tallahassee, FL 32302

Dear Sir:

This is in reply to the auditor's findings reported in my audit for the year ending September 30, 2019.

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

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

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

Sincerely,

Marty Bishop
Jefferson County Supervisor of Elections



Mac McNeill, Sheriff

Jefferson County Sheriff's Office

171 Industrial Park
Monticello, Florida 32344
Phone: (850) 997-2523
Fax: (850) 997-0756



November 11, 2020

Mr. Chris Moran, CPA
Moran & Smith LLP
2260 Wednesday St., Ste 400
Tallahassee, FL 32308

RE: 2018-2019 Audit Report Findings

Dear Mr. Moran,

In regards to the Moran & Smith CPA Special Purpose Financial Statements Fiscal Year 2018-2019 audit findings and recommendations of the Jefferson County Sheriff's Office, the following are our responses to finding S08-01.

We agree with finding S08-01 which states there is not an ideal separation of duties and responsibilities over accounting functions. Moran & Smith recommended that we continue to seek ways to strengthen internal controls through documenting the internal review of accounting transactions, bank reconciliations and financial reports which will help provide evidence of stronger internal controls. Due to the size and budgetary constraints of our office, we may not be able to completely eliminate this issue, although we acknowledge that we can improve. Jefferson County has contracted with an external CPA firm who are also available to assist and advise us, and we feel that through their expertise and assistance and with internal training, we can strengthen our internal controls through improved segregation of duties.

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

Sincerely,

Mac McNeill
Sheriff of Jefferson County

MM/see

**JEFFERSON COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT**

SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

**JEFFERSON COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
SEPTEMBER 30, 2019**

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INDEPENDENT AUDITORS' REPORT

The Honorable Kirk Reams
Clerk of the Circuit Court, Jefferson County, Florida
Monticello, Florida

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of each major fund and the aggregate remaining fund information of the Jefferson County, Florida, Clerk of the Circuit Court (the "Clerk") as of and for the year ended September 30, 2019, and the related notes to the special-purpose financial statements, which collectively comprise the Clerk's financial statements as listed in the table of contents.

Management's Responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these special-purpose financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the Auditors' judgment, including the assessment of the risks of material misstatement of the special-purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special-purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the special-purpose financial statements.

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Opinions

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and remaining aggregate fund information of the Clerk as of September 30, 2019, and the respective changes in financial position, where applicable, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the special-purpose financial statements, the special-purpose financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida ("Rules"). In conformity with the Rules, the accompanying special-purpose financial statements are intended to present the financial position and changes in financial positioning, where applicable, of each major fund, and the aggregate remaining fund information, only for the portion of each major fund and the aggregate remaining fund information, of Jefferson County, Florida that is attributable to the Clerk. They do not purport to, and do not, present fairly the financial position of Jefferson County, Florida, as of September 30, 2019, and the changes in its financial position, where applicable, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2020, on our consideration of the Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control over financial reporting and compliance.

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, Florida

SPECIAL-PURPOSE FINANCIAL STATEMENTS

**JEFFERSON COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2019**

	General Fund	Court	Record Modernization	Total Governmental
Assets				
Cash and Cash Equivalents	\$ 36,892	\$ 25,552	\$ 13,390	\$ 75,834
Restricted Cash and Cash Equivalent	0	0	7,448	7,448
Due from Other Funds	32,520	0	0	32,520
Due from Board of County Commissioners	0	0	0	0
Due from Other Governmental Units	0	14,962	0	14,962
Total Assets	69,412	40,514	20,838	130,764
Liabilities				
Accounts Payable	3,275	0	0	3,275
Deferred Revenues	0	40,514	0	40,514
Due to Board of County Commissioners	66,137	0	0	66,137
Total Liabilities	69,412	40,514	0	109,926
Fund Balances				
Restricted	0	0	20,838	20,838
Total Liabilities and Fund Balances	\$ 69,412	\$ 40,514	\$ 20,838	\$ 130,763

The accompanying notes are an integral part of these special-purpose financial statements

**JEFFERSON COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
SEPTEMBER 30, 2019**

	General Fund	Court	Record Modernization	Total Governmental
Revenues				
Charges for Services	\$ 83,379	\$ 0	\$ 0	\$ 83,379
Intergovernmental	0	187,674	0	187,674
Fines and Forfeitures	0	332,936	25,465	358,401
Total Revenues	83,379	520,610	25,465	629,455
Expenditures				
General Government:				
Personal Services	257,451	0	0	257,451
Operating Expenses	156,378	0	46,976	203,355
Court-related:				
Personal Services	0	471,891	0	471,891
Operating Expenses	0	48,720	0	48,720
Capital Outlay	0	0	0	0
Total Expenditures	413,830	520,610	46,976	981,416
Excess (Deficiency) of Revenues Over (Under) Expendit	(330,450)	0	(21,511)	(351,962)
Other Financing Sources (Uses)				
Transfers In	360,000	0	0	360,000
Transfers (Out)	(29,550)	0	0	(29,550)
Net Other Financing Sources (Uses)	330,450	0	0	330,450
Net Change in Fund Balances	0	0	(21,511)	(21,511)
Fund balances - Beginning, - Restricted	0	0	42,349	42,349
Fund balances - Ending - Restricted	\$ 0	\$ 0	\$ 20,838	\$ 20,838

The accompanying notes are an integral part of these special-purpose financial statements

**JEFFERSON COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
SEPTEMBER 30, 2019**

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Charges for Services	\$ 76,000	\$ 76,000	\$ 83,379	\$ 7,379
Intergovernmental	0	0	0	0
Fines and Forfeitures	0	0	0	0
Total Revenues	76,000	76,000	83,379	7,379
Expenditures				
General Government:				
Personal Services	370,500	370,500	257,451	(113,049)
Operating Expenses	65,500	65,500	156,378	90,878
Court-Related:				
Personal Services	0	0	0	0
Operating Expenses	0	0	0	0
Capital Outlay	0	0	0	0
Total Expenditures	436,000	436,000	413,830	(22,170)
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	(360,000)	(360,000)	(330,450)	29,550
Other Financing sources (Uses)				
Transfers In	360,000	360,000	360,000	0
Transfers Out	0	0	(29,550)	(29,550)
Net other Financing Sources (Uses)	360,000	360,000	330,450	(29,550)
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0

The accompanying notes are an integral part of these special-purpose financial statements

**JEFFERSON COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COURT FUND
SEPTEMBER 30, 2019**

	Court Fund			
	<u>Budgeted Amounts</u>		Actual Amounts	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Charges for Services	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	187,674	187,674	187,674	0
Fines and Forfeitures	332,936	332,936	332,936	0
Total Revenues	520,610	520,610	520,610	0
Expenditures				
General Government:				
Personal Services	0	0	0	0
Operating Expenses	0	0	0	0
Court-Related:				
Personal Services	471,890	471,890	471,890	0
Operating Expenses	48,720	48,720	48,720	0
Capital Outlay	0	0	0	0
Total Expenditures	520,610	520,610	520,610	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Other Financing sources (Uses)				
Transfers In	0	0	0	0
Transfers Out		0	0	0
Net other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0

The accompanying notes are an integral part of these special-purpose financial statements

**JEFFERSON COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RECORD MODERNIZATION FUND
SEPTEMBER 30, 2019**

Record Modernization Fund				
	<u>Budgeted Amounts</u>		Actual Amounts	Variance
	Original	Final		With Final Budget
				Favorable (Unfavorable)
Revenues				
Charges for Services	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	0	0	0	0
Fines and Forfeitures	25,465	25,465	25,465	0
Total Revenues	25,465	25,465	25,465	0
Expenditures				
General Government:				
Personal Services	0	0	0	0
Operating Expenses	0	0	0	0
Court-Related:				
Personal Services	46,976	46,976	46,976	0
Operating Expenses	0	0	0	0
Capital Outlay	0	0	0	0
Total Expenditures	46,976	46,976	46,976	0
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(21,511)	(21,511)	(21,511)	0
Other Financing sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Net other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	\$ (21,511)	\$ (21,511)	\$ (21,511)	\$ 0

The accompanying notes are an integral part of these special-purpose financial statements

**JEFFERSON COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
SPECIAL-PURPOSE STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2019**

Agency Funds

Assets

Cash and Cash Equivalents	\$	83,895
Total Assets		83,895

Liabilities

Due to Other Funds		83,895
Total Liabilities	\$	83,895

The accompanying notes are an integral part of these special-purpose financial statements

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

**JEFFERSON COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Clerk conform to accounting principles generally accepted in the United States of America as applicable to government units. The following is a summary of the more significant accounting principles and policies used in the preparation of these special-purpose financial statements. For financial reporting purposes, the Clerk is deemed to be a part of the primary government of the County and, therefore, is included as such in the County’s annual financial report.

Reporting Entity

The Jefferson County Clerk of Circuit Court (“Clerk”) is an integral part of Jefferson County, Florida and is an elected Constitutional Officer who is governed by state statutes and regulations. The special-purpose financial statements of the Clerk are included in Jefferson County, Florida’s basic financial statements. The Clerk operates on a fee and budgetary system. Under the fee system, the officer retains fees, commissions, and other revenue to pay all operating expenditures, including statutory compensation. Under the budgetary system, appropriated funds are transferred from the Board of County Commissioners and any unspent appropriations are transferred back to the Board of County Commissioners after the end of the fiscal year. The receipts from the Board are recorded as other financing sources on the Clerk’s financial statements and as other financing uses on the Board’s financial statements. Effective June 1, 2013, the Clerk was authorized to retain funds collected for court-related fines, fees and service charges. The Clerk will also receive a monthly appropriation from the State of Florida Clerk of Court Trust Fund for any shortage of revenues up to the approved budget. The receipts from the State are recorded as intergovernmental revenue on the Clerk’s special-purpose financial statements. As specified in Florida Senate Bill 1512, spending authority will continue to be provided by the State and will follow the County fiscal year (October 1 to September 30). The Clerk’s special-purpose financial statements do not purport to reflect the financial position or the results of operations of Jefferson County, Florida taken as a whole.

Entity status for financial reporting is governed by Statement No. 14 of the Governmental Accounting Standards Board (GASB). Although the 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 purposes. Therefore, the Clerk is reported as part of the primary government of Jefferson County, Florida.

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

**JEFFERSON COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 1 – Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The accompanying special-purpose financial statements include all the funds and accounts of the Clerk's office but are not a complete presentation of the County as a whole. The accompanying financial statements are prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(3), *Rules of the Auditor General-Local Governmental Entity Audits*.

Fund Accounting

The financial activities of the Clerk are recorded in separate funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The purposes of the Clerk's various funds are categorized and described as follows:

The Clerk utilizes the following fund type:

- **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 those required to be accounted for in another fund.
 - **Court Fund** – The Court Fund was established to account for court-related revenues and expenditures. Included in the Court Fund is the federal reimbursement of the court-related child support revenues and expenditures for overhead.
 - **Record Modernization Fund** – The Record Modernization Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for the public records system of the Clerk's office and additional court-related operational needs and program enhancements.
- **Fiduciary Fund:**
 - **Agency Fund** – The agency fund is used to account for assets held by the Clerk as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature and do not involve measurement of changes in financial positions.

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.

**JEFFERSON COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 1 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the 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.

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 the 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 Clerk's General Fund. All budget amounts presented in the accompanying special-purpose 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 of the Circuit Court, functioning in the capacity as the Clerk of the Circuit and County Courts and as the Clerk of the Board of County Commissioners, prepares a budget in two parts:

The budget for funds necessary to perform court-related functions as provided in the Florida Statutes 28.36 is filed with the Florida Clerks of Court Operations Corporation; and

The budget for funds necessary to perform those duties of Clerk of the Board of County Commissioners, County Auditor, and Custodian of all county funds and other county-related duties.

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 appropriation at the individual fund level. Appropriations lapse at the end of the fiscal 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 Trust Fund investment pools created by Section 218.405 and 218.417, Florida Statutes.

**JEFFERSON COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 1 – Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation

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

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

Furniture, machinery, and equipment 3-30 years

Due to Others

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

Unearned Revenues

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

Accumulated Compensated Absences

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

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

Governmental Fund Balances

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

Risk Management and Insurance

The Clerk is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employee and/or the public; or damage to property of others. The Clerk is covered under the Board of County Commissioners insurance policies. 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 those estimates.

**JEFFERSON COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 1 – Summary of Significant Accounting Policies (Concluded)

Subsequent Events

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

Note 2 – Deposits and Investments

At September 30, 2019, the carrying amount of the Clerk's cash and cash equivalents and restricted cash was \$83,282 and the bank balance was \$69,091. The Clerk's agency cash is \$83,895 and the bank balance was \$113,050. 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 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.

The Clerk's investment practices are governed by Chapter 218.415 of the Florida Statutes. The Clerk is authorized to invest in certificated of deposit, money market certificates, obligations of the US Treasury, mutual funds and repurchase agreements collateralized by U.S. Government securities, and the Local Government Surplus Trust Fund.

Credit Risk

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

Interest Rate Risk

At September 30, 2019, the Clerk did not hold any deposits or investments that were considered to have interest rate risk.

Custodial Credit Risk

At September 30, 2019, the Clerk did not hold any deposits or investments that were considered to have custodial risk.

Concentration of Credit Risk

At September 30, 2019, the Clerk did not have any investments that were considered to have a concentration of credit risk.

**JEFFERSON COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 3 – Long-term Liability for Compensated Absences

Of the \$17,761 liability for accrued compensated absences, management estimates that \$4,440 will be due and payable within one year. The liability is not reported in the financial statements of the Clerk since it is not payable from available resources at September 30, 2019. The liability is reported on the statement of net position in the County-wide financial statements.

Note 4 – Pension and Postemployment Benefits Other Than Pension Benefits

Florida Retirement System (FRS) Pension Benefits

The Clerk participates in the Florida Retirement System to provide benefits to their employees. A detailed plan description and any liability for employees of the Clerk are included in the financial statements of the County.

Postemployment Benefits Other Than Pensions

The Clerk participates in the plan established by the Board of County Commissioners to provide other postemployment benefits to retirees of the Board and Constitutional Officers. A detailed plan description and any liability for employees of the Clerk are included in the financial statements of the County.

Note 5 – Court Related Fees

Based on the legal opinion provided by the Clerks of Court Operations Corporation general counsel of the provisions of Section 28.37(3), F.S., which was adopted as policy by the CCOC Finance and Budget Committee, all excess court-related funds have been included in a fund asset or liability, Due to/from Other Governmental Units. As of September 30, 2019, there were no excess court-related fees.

Note 6 – Fund Equity

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The Clerk had no non-spendable net assets at September 30, 2019.

Spendable fund balances are classified based on a hierarchy of the Clerk's ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ended September 30, 2019, 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. For the year ended September 30, 2019, the Clerk reported \$20,838 in restricted fund balance for the modernization of public records and court-related technology.

**JEFFERSON COUNTY, FLORIDA
CLERK OF THE CIRCUIT COURT
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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 \$112,254 for current year reimbursements. The Clerk also received an amount related to prior year overhead rate adjustments for excess federal financial participation payments and support incentive payments from the State's Title IV-D agency. These amounts have been recorded as Due from Other Governments and Deferred Revenue.

Note 8 – Excess Revenue

Pursuant to Section 218.36(2), Florida Statutes, each County Officer shall pay into the County General Fund all money in excess of the sum to which he or she is entitled under the provisions of Chapter 145. Excess revenues over expenditures were returned to the Board of County Commissioners as required by Florida Statutes are accrued and reported as a transfer out. During the year the Clerk returned \$23,875 and had excess revenue of \$29,550 which was added to the amount owed the previous year. This resulted in a due to the Board of County Commissioner of \$66,137 at year end.

COMPLIANCE SECTION

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

The Honorable Kirk Reams
Clerk of the Circuit Court, Jefferson County, Florida
Monticello, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the special-purpose financial statements of each major fund and the aggregate remaining fund information of the Jefferson County, Florida, Clerk of the Circuit Court (the "Clerk") as of and for the year ended September 30, 2019, and the related notes to the special-purpose financial statements, which collectively comprise the Clerk's basic special-purpose financial statements and have issued our report thereon dated November 12, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described below as finding No. C2008-001, C2008-002 that we consider to be material weaknesses.

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

PRIOR YEAR FINDINGS AND RECOMMENDATIONS:

Segregation of Duties – C2008-001

CRITERIA: The internal control environment should include proper segregation of duties and responsibilities over accounting functions.

CONDITION: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedure, was not considered feasible by the Clerk's office because of its size and limited number of employees. The Clerk recognizes that the cost of its internal control structure should not exceed the benefits expected to be derived. The Clerk also recognizes the inherent limitations of an internal control structure. Mistakes and irregularities may occur in any event with or without an adequate internal control structure. Furthermore, adequate segregation of duties can be circumvented by collusion among persons. Nevertheless, internal control is strengthened when incompatible duties are separated, and review procedures are established and adhered to.

CAUSE: The Clerk's office has limited personnel in the accounting department.

EFFECT: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

RECOMMENDATION: We recommend that the Clerk's office continue to seek ways to strengthen internal control through segregation of duties. The Clerk should document their review of transactions, bank reconciliations and financial reports to provide evidence of compensating controls.

STATUS: This condition continues to exist.

Preparation of GAAP-based Financial Statements – C2008-002

CRITERIA: An entity's system of internal control over financial reporting should include controls over the prevention, detection and correction of misstatements in the audited financial statements.

CONDITION: The County relies on the external auditor to assist with preparing the financial statements in conformity with generally accepted accounting principles.

CAUSE: The County has an individual providing bookkeeping services; however, the County does not have an individual on staff with the accounting education and experience to properly record more complex accounting transactions and prepare financial statements in accordance with generally accepted accounting principles.

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

EFFECT: The fact the County does not have someone of staff to prepare financial statements in accordance with generally accepted accounting principles and to record complex accounting transactions results in a material weakness under professional standards.

RECOMMENDATION: We recommend the County continue to request outside assistance in recording more complex transactions and that additional training and/or education be provided to existing staff to enable them to record financial activities more accurately.

STATUS: This condition continues to exist.

Compliance and Other Matters

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

Clerk's Response to Findings

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

Purpose of this Report

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

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, Florida

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

The Honorable Kirk Reams
Clerk of the Circuit Court, Jefferson County, Florida
Monticello, Florida

We have examined the Jefferson County, Florida, Clerk of the Circuit Court's (the "Clerk") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Clerk complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Clerk complied with specific requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

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

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, Florida

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

The Honorable Kirk Reams
Clerk of the Circuit Court, Jefferson County, Florida
Monticello, Florida

We have examined the Jefferson County, Florida, Clerk of the Circuit Court's (the "Clerk") compliance with the requirements of Section 28.35, Florida Statutes, *Florida Clerks of Court Operations Corporation*, and Section 28.36, Florida Statutes, *Budget Procedure*, during the year ended September 30, 2019. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Clerk complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Clerk complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

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

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, Florida

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

The Honorable Kirk Reams
Clerk of the Circuit Court, Jefferson County, Florida
Monticello, Florida

We have examined the Jefferson County, Florida, Clerk of the Circuit Court's (the "Clerk") compliance with the requirements of Section 61.181, Florida Statutes, *Depository for Alimony Transactions, Support, Maintenance and Support Payments; Fees* during the year ended September 30, 2019. Management is responsible for the Clerk's compliance with those requirements. Our responsibility is to express an opinion on the Clerk's compliance based on our examination.

Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Clerk complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Clerk complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clerk's compliance with specified requirements.

In our opinion, the Clerk complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

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

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, Florida

INDEPENDENT AUDITORS' MANAGEMENT LETTER

The Honorable Kirk Reams
Clerk of the Circuit Court, Jefferson County, Florida
Monticello, Florida

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of the Jefferson County, Florida, Clerk of the Circuit Court (the "Clerk"), as of and for the year ended September 30, 2019, and have issued our report thereon November 12, 2020.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of the Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with AICPA *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated November 12, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Significant findings and recommendations made in the preceding annual financial audit report have not been corrected.

Official Title and Legal Authority

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

Financial Management

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

INDEPENDENT AUDITORS' MANAGEMENT LETTER
(Concluded)

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the special-purpose financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did note certain matters. See Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*.

Purpose of the Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies and the Jefferson County, Florida, Clerk and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, Florida



KIRK REAMS

Jefferson County
Clerk of Court & CFO

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

October 27, 2020

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

RE: 2018-2019 Audit Report Findings

Dear Ms. Norman

In regards to the Moran & Smith CPA County Fiscal Year 2018-2019 audit findings and recommendations of the Jefferson County Clerk of the Circuit Court, the following are our responses to findings C2008-001 and C2008-002:

We agree with finding C2008-001 which states there is not an ideal separation of duties and responsibilities over accounting functions. Moran & Smith recommended that we continue to seek ways to strengthen internal controls through the segregation of duties. This includes documenting their review of transactions, bank reconciliations and financial reports to provide evidence of compensating controls. Due to the size and budgetary constraints of our County and office we may not be able to completely eliminate this issue, although we acknowledge that we can and want to improve. We have contracted with an external CPA firm to help assist Clerk staff with internal training and general financial accounting expertise. We feel that with their assistance and training, we can strengthen our internal controls through improved segregation of duties.

We agree with finding C2008-002 which states the Clerk of Court's Office does not have adequate staff to prepare financial statements in accordance with Generally Accepted Accounting Principles (GAAP). Moran & Smith recommended that we continue to request outside assistance with the preparation of financial statements in accordance with GAAP. Although we are a small, fiscally constrained County that lacks the resources to prepare its own financial statements in accordance with GAAP, we feel that we can internally improve in this area. We have contracted with an external CPA firm to assist with more complex financial accounting transactions and we feel that through their training and expertise, we can improve in accurately recording and presenting our financial activities. We will also continue to use an outside firm to prepare our financial statements in accordance with GAAP.

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

Sincerely,

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

**JEFFERSON COUNTY, FLORIDA
SHERIFF**

SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

JEFFERSON COUNTY, FLORIDA
SHERIFF
SEPTEMBER 30, 2019

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INDEPENDENT AUDITORS' REPORT

The Honorable Mac McNeill
Jefferson County Sheriff
Monticello, Florida

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of each major fund and the aggregate remaining fund information of the Jefferson County, Florida, Sheriff (the "Sheriff") as of and for the year ended September 30, 2019, and the related notes to the special-purpose financial statements, which collectively comprise the Sheriff's basic special-purpose financial statements as listed in the table of contents.

Management's Responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these special-purpose financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to special-purpose financial statement 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the Auditors' judgment, including the assessment of the risks of material misstatement of the special-purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special-purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the special-purpose financial statements.

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

Opinions

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and remaining aggregate fund information of the Sheriff as of September 30, 2019, and the respective changes in financial position, where applicable, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(Concluded)

Emphasis of Matter

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

Other Matters

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2020, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriff's internal control over financial reporting and compliance.

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, Florida

SPECIAL-PURPOSE FINANCIAL STATEMENTS

**JEFFERSON COUNTY, FLORIDA
SHERIFF
SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 93,285	\$ 0	\$ 93,285
Restricted Cash and Cash Equivalents	0	15,117	15,117
Prepaid Expenses	112,596	0	112,596
Due from Other Governments	17,540	0	17,540
Total Assets	223,421	15,117	238,537
Liabilities			
Accounts Payable	68,031	0	68,031
Deferred Revenue	22,134	0	22,134
Due to Board of County Commissioners	133,255	0	133,255
Total Liabilities	223,420	0	223,420
Fund Balance			
Restricted	0	15,117	15,117
Total Liabilities and Fund Balance	\$ 223,421	\$ 15,117	\$ 238,537

The accompanying notes are an integral part of these special-purpose financial statements

JEFFERSON COUNTY, FLORIDA
SHERIFF
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALACE - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Grants	\$ 372,635	\$ 160,652	\$ 533,287
Charges for Services	183,024	0	183,024
Other Fees and Miscellaneous Revenues	64,828	46,591	111,419
Total Revenues	620,488	207,243	827,731
Expenditures			
Current:			
Public Safety			
Personal Services	3,436,537	116,553	3,553,090
Operating Expenses	1,088,574	91,606	1,180,180
Capital Outlay	74,528	25,000	99,528
Debt Service	17,480	0	17,480
Total Expenditures	4,617,119	233,159	4,850,278
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,996,631)	(25,916)	(4,022,547)
Other Financing Sources (Uses)			
Transfers In	4,091,402	21,739	4,113,141
Transfers (Out)	(133,255)	0	(133,255)
Other Financing Sources (Uses)	38,484	0	38,484
Net Other Financing Sources (Uses)	3,996,631	21,739	4,018,370
Net Change in Fund Balance	0	(4,177)	(4,177)
Fund Balance- Beginning	0	19,294	19,294
Fund Balance- Ending	\$ 0	\$ 15,117	\$ 15,117

The accompanying notes are an integral part of these special-purpose financial statements

JEFFERSON COUNTY, FLORIDA
SHERIFF
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
SEPTEMBER 30, 2019

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Grants	\$ 0	\$ 0	\$ 372,635	\$ 372,635
Charges for Services	0	0	183,024	183,024
Other Fees and Miscellaneous Revenues	0	0	64,828	64,828
Total revenues	0	0	620,488	620,488
Expenditures				
Current:				
Public Safety				
Personal Services	3,195,701	3,195,701	3,436,537	240,836
Operating Expenses	883,501	883,501	1,088,574	205,073
Capital Outlay	12,200	12,200	74,528	62,328
Debt Service	0	0	17,480	17,480
Total Expenditures	4,091,402	4,091,402	4,617,119	525,717
Excess (Deficiency) of Revenues (Under)				
Over Expenditures	(4,091,402)	(4,091,402)	(3,996,631)	94,771
Other Financing Sources (Uses)				
Transfers In	4,091,402	4,091,402	4,091,402	0
Transfers (Out)	0	0	(133,255)	(133,255)
Other Financing Sources (Uses)	0	0	38,484	(38,484)
Total Other Financing Sources (Uses)	4,091,402	4,091,402	3,996,631	(94,771)
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0

The accompanying notes are an integral part of these special-purpose financial statements

JEFFERSON COUNTY, FLORIDA
SHERIFF
SPECIAL-PURPOSE STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2019

	Agency Funds
Assets	
Cash	14,028
Total Assets	\$ 14,028
Liabilities	
Due to Others	14,028
Total Liabilities	\$ 14,028

The accompanying notes are an integral part of these special-purpose financial statements

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

JEFFERSON COUNTY, FLORIDA
SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 – Summary of Significant Accounting Policies

The special-purpose financial statements of Jefferson County, Florida, Sheriff (the “Sheriff”) have been prepared in accordance with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB), accounting principles generally accepted in the United States of America (GAAP), and accounting practices prescribed by Chapter 10.550, *Rules of the Auditor General*, State of Florida. The more significant of the governmental accounting policies used in the preparation of these financial statements are described below.

Reporting Entity

Jefferson County, Florida, (the “County”) is a political subdivision of the State of Florida. The County was established under Article VIII, Section 1(d), *Constitution of the State of Florida*. It is governed by an elected Board of County Commissioners (the “Board”), as provided by Section 125.73, Florida Statutes. The Board is responsible for the administration of all departments of which the Board has the authority to control pursuant to general laws of Florida.

The Sheriff is an elected Constitutional Officer of the County pursuant to Article VIII, Section (1) of the *Constitution of the State of Florida*. For financial statement and reporting purposes, the Sheriff is a separate Constitutional Officer as provided by Chapter 218, Florida Statutes. However, the Sheriff does not meet the definition of a legally separate organization and is not considered to be a component unit. Accordingly, the Sheriff is considered to be a part of the primary government of Jefferson County, Florida (the “County”), and the financial activities of the Sheriff are included as such in the Jefferson County annual financial report, along with the other Constitutional Officers and the Jefferson County Board of County Commissioners (the “Board”).

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

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

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

These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Jefferson County, Florida taken as a whole. As permitted by Chapter 10.556(4), *Rules of the Auditor General* State of Florida, the special-purpose financial statements consist only of 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 special-purpose financial statements and as other financing uses on the Board’s financial statements. Any excess of revenues and other financing sources received over expenditures are remitted to the Board at year-end.

JEFFERSON COUNTY, FLORIDA
SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 – Summary of Significant Accounting Policies (continued)

Basis of Presentation

The accompanying special-purpose financial statements include all the funds and accounts of the Sheriff's office but are not a complete presentation of the County as a whole. The accompanying special-purpose financial statements are prepared for the purpose of complying with Section 218.39, Florida Statutes, and Section 10.557(3), *Rules of the Auditor General-Local Governmental Entity Audits*.

The financial transactions of the Sheriff are recorded in one individual fund. This fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures.

The Sheriff utilizes the following fund type:

- **Major Governmental Funds**
 - **General Fund** – The general fund is the general operating fund of the Sheriff. It is used to account for all financial resources, except those required to be accounted for in another fund.

- **Nonmajor Governmental Funds**
 - **Special Revenue Fund** – 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 fund in the financial statements under the title “Other Governmental Fund”:
 - **Inmate Welfare** – A special revenue fund which accounts for commissions received from pay telephones and commissary profits restricted for the benefit of inmates.
 - **Investigative Fund** – Accounts for revenues and expenditures related to various forfeitures, investigative fees and restitution.
 - **PGI Fund** – Accounts for revenues and expenditures relating to various forfeitures and fees from drug related offenses.
 - **Confiscated Funds** – Accounts for revenues and expenditures relating to various forfeitures and fees from drug related offenses.
 - **Charitable Contribution Fund** - Accounts for revenues and expenditures relating to public donations to assist the less fortunate.

- **Fiduciary Fund:**
 - **Agency Fund** – The agency fund is 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 positions.

JEFFERSON COUNTY, FLORIDA
SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus

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

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the special-purpose 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.

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

The fiduciary funds 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 the restricted resources first, the unrestricted resources as needed.

Budgetary Requirements

Florida Statutes, Chapter 30.49 and 129.03(2), details the preparation, adoption and administration of the Sheriff’s annual budget. The Sheriff establishes an annual balanced budget for his office which displays the revenues available to the office and the functions for which the money is to be expended. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

The Sheriff’s annual budgets are monitored at varying levels of classification detail. However, for purposes of budgetary control, expenditures cannot legally exceed the total annual budget appropriations at the individual fund level. All appropriations lapse at year-end.

Cash and Cash Equivalents

Cash 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.

JEFFERSON COUNTY, FLORIDA
SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 – Summary of Significant Accounting Policies (concluded)

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's assets are reported in the Statement of Net Assets in the County's financial statements. The Sheriff maintains custodial responsibility for the capital assets used by his office.

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

Furniture, machinery, and equipment 3-30 years

Accumulated Compensated Absences

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

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

Due to Others

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

Risk Management and Insurance

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

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

In addition, the Sheriff participates in the Florida Sheriff's Association's 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 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 those estimates.

Subsequent Events

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

JEFFERSON COUNTY, FLORIDA
SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 2 – Deposits and Investments

At September 30, 2019, the carrying amount of the Sheriff's cash and cash equivalents, restricted cash, and agency cash was \$122,430, and the bank balance was \$290,645. 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 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.

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, 2019, the Sheriff did not hold any deposits or investments that were considered to have credit risk.

Interest Rate Risk

At September 30, 2019, the Sheriff did not hold any deposits or investments that were considered to have interest rate risk.

Custodial Credit Risk

At September 30, 2019, the Sheriff did not hold any deposits or investments that were considered to have custodial risk.

Concentration of Credit Risk

At September 30, 2019, the Sheriff did not have any investments that were considered to have a concentration of credit risk.

Note 3 – Long-term Liability for Compensated Absences

The Sheriff has a long-term liability of \$151,881 for accrued compensated absences, management estimates that \$37,970 will be due and payable within one year. The liability is not reported in the financial statements of the Sheriff since it is not payable from available resources at September 30, 2019. The liability is reported on the statement of net position in the County-wide financial statements.

JEFFERSON COUNTY, FLORIDA
SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 4 – Pension and Postemployment Benefits Other Than Pension Benefits

Florida Retirement System (FRS) Pension Benefits

The Sheriff participates in the Florida Retirement System to provide benefits to their employees. A detailed plan description and any liability for employees of the Sheriff are included in the financial statements of the County.

Postemployment Benefits Other Than Pensions

The Sheriff participates in the plan established by the Board of County Commissioners to provide other postemployment benefits to retirees of the Board and Constitutional Officers. A detailed plan description and any liability for employees of the Sheriff are included in the financial statements of the County.

Note 5 – Grants

The Sheriff participates in several state and federal grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended September 30, 2019, as well as prior years, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the Sheriff's compliance with the 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 6 – Litigation and Contingent Liabilities

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

Note 7 – Excess Revenue

Pursuant to Section 218.36(2), Florida Statutes, each County Officer shall pay into the County General Fund all money in excess of the sum to which he or she is entitled under the provisions of Chapter 145. Excess revenues over expenditures were returned to the Board of County Commissioners as required by Florida Statutes are accrued and reported as a transfer out.

JEFFERSON COUNTY, FLORIDA
SHERIFF
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 8 – Fund Equity

The Sheriff implemented the provisions of GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) in 2012, as required.

The purpose of GASB 54 is to improve the consistency and usefulness of fund balance information to the financial statement user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned, and unassigned.

- **Nonspendable-** This component of fund balance consists of amounts that cannot be spent because (a) they are not expected to be converted to cash or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) or an endowment fund. The Sheriff does not have any nonspendable funds.
- **Restricted-** This component of fund balance consists of amounts that are constrained either (a) externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments), or (b) by the law through constitutional provisions or enabling legislation.
- **Committed-** This component of fund balance consists of amounts that can be used for specific purposes to constraints imposed by formal action (e.g., ordinance or resolution) of the County’s governing body. These committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (e.g. ordinance or resolution) it employed previously to constrain those amounts.
- **Assigned-** This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization’s governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. The Sheriff has not delegated the responsibility to assign fund balances to any individual body.
- **Unassigned-** This classification is used for (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the General Fund that are not restricted, committed or assigned.

SUPPLEMENTARY INFORMATION

JEFFERSON COUNTY, FLORIDA
SHERIFF
COMBINING SPECIAL-PURPOSE BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	Emergency Operations Center	Inmate Welfare Fund	Investigative Fund	PGI Fund	Charitable Contribution Fund	Total Nonmajor Governmental Funds
Assets						
Restricted Cash and Cash Equivalents	\$ 0	\$ 11,143	\$ 1,733	\$ 763	\$ 1,478	\$ 15,117
Total assets	0	11,143	1,733	763	1,478	15,117
Liabilities						
Accounts Payable	0	0	0	0	0	0
Total liabilities	0	0	0	0	0	0
Fund Balance - Restricted	0	11,143	1,733	763	1,478	15,117
Total Liabilities and Fund Balances	\$ 0	\$ 11,143	\$ 1,733	\$ 763	\$ 1,478	\$ 15,117

See Independent Auditors' Report

**JEFFERSON COUNTY, FLORIDA
SHERIFF
COMBINING SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	Emergency Operations Center	Inmate Welfare Fund	Investigative Fund	PGI Fund	Charitable Contribution Fund	Total Nonmajor Governmental Funds
Revenues						
Grant Revenues	\$ 160,652	\$ 0	\$ 0	\$ 0	\$ 0	\$ 160,652
Other Fees and Miscellaneous Revenues	0	27,127	1,200	634	17,593	46,554
Investment Earnings	0	38	0	0	0	38
Total Revenues	160,652	27,164	1,200	634	17,593	207,243
Expenditures						
Public Safety						
Personal Services	116,553	0	0	0	0	116,553
Operating Expenses	40,838	30,450	2,671	751	16,896	91,606
Capital Outlay	25,000	0	0	0	0	25,000
Total Expenditures	182,391	30,450	2,671	751	16,896	233,159
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,739)	(3,286)	(1,471)	(117)	697	(25,916)
Other Financing Sources (Uses)						
Transfers In	21,739	0	0	0	0	21,739
Net Other Financing Sources (Uses)	21,739	0	0	0	0	21,739
Net Change in Fund Balance	0	(3,286)	(1,471)	(117)	697	(4,177)
Fund Balance - Beginning	0	14,429	3,204	881	781	19,295
Fund Balance - Ending	\$ 0	\$ 11,143	\$ 1,733	\$ 764	\$ 1,478	\$ 15,118

See Independent Auditors' Report

COMPLIANCE SECTION

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

The Honorable Mac McNeill
Jefferson County Sheriff
Monticello, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the special-purpose financial statements of the Jefferson County, Florida, Sheriff (the "Sheriff") as of and for the year ended September 30, 2019, and the related notes to the special-purpose financial statements, which collectively comprise the Sheriff's basic special-purpose financial statements and have issued our report thereon dated November 12, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described below as finding Sheriff 2008-001 that we consider to be a significant deficiency.

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

PRIOR YEAR FINDINGS AND RECOMMENDATIONS:

Need for Segregation of Duties - Sheriff 2008-001

CRITERIA: The internal control environment should include proper segregation of duties and responsibilities over accounting functions.

CONDITION: There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of the Sheriff's assets.

CAUSE: The Sheriff has limited personnel in the accounting department.

EFFECT: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

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. We also recommend the Sheriff's log in to the bank's website and review the original bank statement.

STATUS: This condition continues to exist.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sheriff'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*.

Purpose of this Report

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

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, Florida

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

The Honorable Mac McNeill
Jefferson County Sheriff
Monticello, Florida

We have examined the Jefferson County, Florida, Sheriff's (the "Sheriff") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. Management is responsible for the Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Sheriff's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Sheriff complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Sheriff complied with specific requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Sheriff's compliance with specified requirements.

In our opinion, the Sheriff complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

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

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, Florida

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH THE REQUIREMENTS OF SECTION 365.172(10) and 3635.173(2)(d), FLORIDA STATUTES**

The Honorable Mac McNeill
Jefferson County Sheriff
Monticello, Florida

We have examined the Jefferson County, Florida, Sheriff's (the "Sheriff") compliance with the requirements of Section 365.172(10), Florida Statutes, *Authorized Expenditures of E911 fee*, and Section 365.173(2)(d), Florida Statutes, *Distribution and Use of (E911) funds*, during the year ended September 30, 2019. Management is responsible for the Sheriff's compliance with those requirements. Our responsibility is to express an opinion on the Sheriff's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Sheriff complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Sheriff complied with specific requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Sheriff's compliance with specified requirements.

In our opinion, the Sheriff complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

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

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, Florida

INDEPENDENT AUDITORS' MANAGEMENT LETTER

The Honorable Mac McNeill
Jefferson County Sheriff
Monticello, Florida

Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of the Jefferson County, Florida, Sheriff (the "Sheriff"), as of and for the year ended September 30, 2019, and have issued our report thereon November 12, 2020.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with AICPA *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated November 12, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report except as noted under the heading "Prior Year Findings and Recommendations".

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This item was disclosed in the notes to the financial statements.

Financial Management

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

INDEPENDENT AUDITORS' MANAGEMENT LETTER
(Concluded)

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of the Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies and the Jefferson County, Florida, Sheriff and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, Florida



Mac McNeill, Sheriff

Jefferson County Sheriff's Office

171 Industrial Park
Monticello, Florida 32344
Phone: (850) 997-2523
Fax: (850) 997-0756



November 11, 2020

Mr. Chris Moran, CPA
Moran & Smith LLP
2260 Wednesday St., Ste 400
Tallahassee, FL 32308

RE: 2018-2019 Audit Report Findings

Dear Mr. Moran,

In regards to the Moran & Smith CPA Special Purpose Financial Statements Fiscal Year 2018-2019 audit findings and recommendations of the Jefferson County Sheriff's Office, the following are our responses to finding S08-01.

We agree with finding S08-01 which states there is not an ideal separation of duties and responsibilities over accounting functions. Moran & Smith recommended that we continue to seek ways to strengthen internal controls through documenting the internal review of accounting transactions, bank reconciliations and financial reports which will help provide evidence of stronger internal controls. Due to the size and budgetary constraints of our office, we may not be able to completely eliminate this issue, although we acknowledge that we can improve. Jefferson County has contracted with an external CPA firm who are also available to assist and advise us, and we feel that through their expertise and assistance and with internal training, we can strengthen our internal controls through improved segregation of duties.

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

Sincerely,

A handwritten signature in blue ink, appearing to be "Mac McNeill", written over a large, light blue circular scribble.

Mac McNeill
Sheriff of Jefferson County

MM/see

**JEFFERSON COUNTY, FLORIDA
TAX COLLECTOR**

SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

**JEFFERSON COUNTY, FLORIDA
TAX COLLECTOR
SEPTEMBER 30, 2019**

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INDEPENDENT AUDITORS' REPORT

The Honorable Lois H. Hunter
Jefferson County Tax Collector
Monticello, Florida

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of the major fund and the aggregate remaining fund information of the Jefferson County, Florida, Tax Collector (the "Tax Collector") as of and for the year ended September 30, 2019, and the related notes to the special-purpose financial statements, which collectively comprise the Tax Collector's basic special-purpose financial statements as listed in the table of contents.

Management's Responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these special-purpose financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the Auditors' judgment, including the assessment of the risks of material misstatement of the special-purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special-purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Tax Collector's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the special-purpose financial statements.

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Opinions

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and aggregate remaining fund information of the Tax Collector as of September 30, 2019, and the respective changes in financial position, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the special-purpose financial statements, the special-purpose financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying special-purpose financial statements are intended to present the financial position and changes in financial positioning, where applicable, of the major fund, and the aggregate remaining fund information, only for the portion of the major fund, and the aggregate remaining fund information, of Jefferson County, Florida that is attributable to the Tax Collector. They do not purport to, and do not, present fairly the special-purpose financial position of Jefferson County, Florida, as of September 30, 2019, and the changes in its financial position, where applicable, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2020, on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tax Collector's internal control over financial reporting and compliance.

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, Florida

SPECIAL-PURPOSE FINANCIAL STATEMENTS

**JEFFERSON COUNTY, FLORIDA
TAX COLLECTOR
SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2019**

	General Fund
<hr/>	
Assets	
Cash and Cash Equivalents	\$ 542,112
Due from Other Funds	59,414
Total Assets	601,526
<hr/>	
Liabilities	
Accounts Payable	16,727
Due to Board of County Commissioners	584,799
Total Liabilities	601,526
<hr/>	
Fund Balance	0
<hr/>	
Total Liabilities and Fund Balance	\$ 601,526
<hr/>	

The accompanying notes are an integral part of these special-purpose financial statements

**JEFFERSON COUNTY, FLORIDA
TAX COLLECTOR
SPECIAL-PURPOSE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
SEPTEMBER 30, 2019**

	General Fund
<hr/>	
Revenues	
Charges for Services	\$ 1,059,932
Total Revenues	1,059,932
<hr/>	
Expenditures	
General Government	
Personal Services	341,888
Operating Expenses	133,245
Total Expenditures	475,133
<hr/>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	584,799
<hr/>	
Other Financing Sources (Uses)	
Transfers Out	(584,799)
Net Other Financing Sources (Uses)	(584,799)
<hr/>	
Net Change in Fund Balance	0
<hr/>	
Fund Balance - Beginning	0
<hr/>	
Fund Balance - Ending	\$ 0
<hr/>	

The accompanying notes are an integral part of these special-purpose financial statements

**JEFFERSON COUNTY, FLORIDA
TAX COLLECTOR
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
SEPTEMBER 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Charges for Services	\$ 519,508	\$ 519,508	\$ 1,059,932	\$ 540,424
Total Revenues	519,508	519,508	1,059,932	540,424
Expenditures				
General Government				
Personal Services	384,558	384,558	341,888	0
Operating Expenses	134,950	134,950	133,245	(1,705)
Total Expenditures	519,508	519,508	475,133	(44,375)
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	0	0	584,799	584,799
Other Financing Sources (Uses)				
Transfers (Out)	0	0	(584,799)	(584,799)
Net Other Financing Sources (Uses)	0	0	(584,799)	(584,799)
Net Change in Fund Balances	\$ 0	\$ 0	\$ 0	\$ 0

The accompanying notes are an integral part of these special-purpose financial statements

**JEFFERSON COUNTY, FLORIDA
TAX COLLECTOR
SPECIAL-PURPOSE STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
SEPTEMBER 30, 2019**

Agency Funds		
Assets		
Cash and Cash Equivalents		1,166,413
Total Assets	\$	1,166,413
 Liabilities		
Due to Other Funds		162,121
Due to Other Governments		1,004,292
Total Liabilities	\$	1,166,413

The accompanying notes are an integral part of these special-purpose financial statements

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

JEFFERSON COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 – Summary of Significant Accounting Policies

The accounting policies and the presentation of these special-purpose 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 the significant principles and policies used in the preparation of the accompanying financial statements.

Reporting Entity

Jefferson County, Florida, (the “County”) is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the “Board”), as provided by Section 125.73, Florida Statutes. The Board is responsible for the administration of all departments of which the Board has the authority to control pursuant to general laws of Florida.

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

The accompanying special-purpose financial statements present the financial position and results of operations of the various fund types for all the funds controlled by the Jefferson County Tax Collector’s Office.

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

Entity status for financial reporting 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 purposes. Therefore, the Tax Collector is reported as part of the primary government of Jefferson County, Florida.

These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Jefferson County, Florida taken as a whole. As permitted by Chapter 10.556(4), *Rules of the Auditor General* State of Florida, the special-purpose financial statements consist only of 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 system. Under the fee system, the officer retains fees, commissions, and other revenue to pay all operating expenditures, including statutory compensation. 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.

**JEFFERSON COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 1 – Summary of Significant Accounting Policies (continued)

Basis of Presentation

These special-purpose 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.

The Tax Collector utilizes the following fund type:

- **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.
- **Fiduciary Fund:**
 - **Agency Fund** – The agency fund is 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 positions. The Tax Collector reports Boats and Licenses, Tag, Tax, Driver’s License transactions in the agency 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 or expenses are recognized in the accounts and reported in the special-purpose 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.

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

**JEFFERSON COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 1 – Summary of Significant Accounting Policies (continued)

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.

Budgets and Budgetary Accounting

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 Tax Collector shall submit to the Department of Revenue a budget for the operation of their 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 Tax Collector only budgeted revenues and expenditures appropriated and approved by the Board of County Commissioners.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

Capital Assets and Depreciation

Tangible personal property is recorded as expenditures in the general fund at the time an asset is acquired. Assets acquired by the Tax Collector are capitalized at cost in the capital asset accounts of the County. The Tax Collector’s assets are reported in the Statement of Net Position in the County’s financial statements. The Tax Collector maintains custodial responsibility for the capital assets used by their office.

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

Furniture, machinery, and equipment 3-30 years

Accumulated Compensated Absences

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

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

**JEFFERSON COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

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 the tax deed sale. The County, as a certificate owner, may exercise similar procedures two years after taxes have been delinquent (after April 1). Tax deeds are issued to the highest bidder for the property, which is sold at public auction. The Clerk of the Court administers these sales.

Risk Management and Insurance

The Tax Collector is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employee and/or the public; or damage to property of others. The Tax Collector is covered under the Board of County Commissioners insurance policies. 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 amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

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

**JEFFERSON COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 1 – Summary of Significant Accounting Policies (concluded)

Fund Balance Reporting

The Tax Collector has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), as required. The purpose of GASB 54 is to improve the consistency and usefulness of fund balance information to the financial statement user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components:

- **Nonspendable**—This component of fund balance consists of amounts that cannot be spent because (a) they are not expected to be converted to cash, or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Tax Collector does not have any nonspendable funds.
- **Restricted**—This component of fund balance consists of amounts that are constrained either externally by third parties (creditors, grantors, contributors, laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.
- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., ordinance or resolution) of the County’s governing body. These committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (e.g., ordinance or resolution) it employed previously to constrain those amounts.
- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization’s governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. The Tax Collector has not delegated the responsibility to assign fund balances to any individual or body.
- **Unassigned**—This classification is used for (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the General Fund that are not restricted, committed or assigned.

**JEFFERSON COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 2 – Deposits and Investments

At September 30, 2019, the carrying amount of the Tax Collector's cash and cash equivalents was \$542,112 and the bank balance was \$589,611. 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 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.

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 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, 2019, the Tax Collector did not hold any deposits or investments that were considered to have credit risk.

Interest Rate Risk

At September 30, 2019, the Tax Collector did not hold any deposits or investments that were considered to have interest rate risk.

Custodial Credit Risk

At September 30, 2019, the Tax Collector did not hold any deposits or investments that were considered to have custodial risk.

Concentration of Credit Risk

At September 30, 2019, the Tax Collector did not have any investments that were considered to have a concentration of credit risk.

Note 3 – Long-term Liability for Compensated Absences

The Tax Collector has a long-term liability of \$9,911 for accrued compensated absences, management estimates that \$2,478 will be due and payable within one year. The liability is not reported in the financial statements of the Tax Collector since it is not payable from available resources at September 30, 2019. The liability is reported on the statement of net position in the County-wide financial statements.

**JEFFERSON COUNTY, FLORIDA
TAX COLLECTOR
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 4 – Pension and Postemployment Benefits Other Than Pension Benefits

Florida Retirement System (FRS) Pension Benefits

The Tax Collector participates in the Florida Retirement System to provide benefits to their employees. A detailed plan description and any liability for employees of the Tax Collector are included in the financial statements of the County.

Postemployment Benefits Other Than Pensions

The Tax Collector participates in the plan established by the Board of County Commissioners to provide other postemployment benefits to retirees of the Board and Constitutional Officers. A detailed plan description and any liability for employees of the Tax Collector are included in the financial statements of the County.

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 ended September 30, 2019, excess revenues over expenditures of \$584,799 are accrued and reported as a transfer out.

COMPLIANCE SECTION

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

The Honorable Lois H. Hunter
Jefferson County Tax Collector
Monticello, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the special-purpose financial statements of the major fund and the aggregate remaining fund information of the Jefferson County, Florida, Tax Collector (the "Tax Collector") as of and for the year ended September 30, 2019, and the related notes to the special-purpose financial statements, which collectively comprise the Tax Collector's special-purpose financial statements and have issued our report thereon dated November 12, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tax Collector'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*.

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

Purpose of this Report

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

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, Florida

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

The Honorable Lois H. Hunter
Jefferson County Tax Collector
Monticello, Florida

We have examined the Jefferson County, Florida, Tax Collector's (the "Tax Collector") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. Management is responsible for the Tax Collector's compliance with those requirements. Our responsibility is to express an opinion on the Tax Collector's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Tax Collector complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Tax Collector complied with specific requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Tax Collector's compliance with specified requirements.

In our opinion, the Tax Collector complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

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

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, Florida

INDEPENDENT AUDITORS' MANAGEMENT LETTER

The Honorable Lois H. Hunter
Jefferson County Tax Collector
Monticello, Florida

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of the Jefferson County, Florida, Tax Collector (the "Tax Collector"), as of and for the year ended September 30, 2019, and have issued our report thereon November 12, 2020.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of the Special-Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with AICPA *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated November 12, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no findings and associated recommendations made in the preceding annual special-purpose financial audit report.

Official Title and Legal Authority

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

Financial Management

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

INDEPENDENT AUDITORS' MANAGEMENT LETTER
(Concluded)

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the special-purpose financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of the Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies and the Jefferson County, Florida, Tax Collector and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, Florida

**JEFFERSON COUNTY, FLORIDA
PROPERTY APPRAISER**

SPECIAL-PURPOSE FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

**JEFFERSON COUNTY, FLORIDA
PROPERTY APPRAISER
SEPTEMBER 30, 2019**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of the major fund of the Jefferson County, Florida, Property Appraiser (the "Property Appraiser") as of and for the year ended September 30, 2019, and the related notes to the special-purpose financial statements, which collectively comprise the Property Appraiser's special-purpose financial statements as listed in the table of contents.

Management's Responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these special-purpose financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to special-purpose financial statement 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the Auditors' judgment, including the assessment of the risks of material misstatement of the special-purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special-purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Property Appraiser's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Opinions

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund of the Property Appraiser as of September 30, 2019, and the respective changes in financial position, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2020, on our consideration of the Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Property Appraiser's internal control over financial reporting and compliance.

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, Florida

SPECIAL-PURPOSE FINANCIAL STATEMENTS

**JEFFERSON COUNTY, FLORIDA
PROPERTY APPRAISER
SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2019**

	General Fund
<hr/>	
Assets	
Cash and Cash Equivalents	\$ 15,523
Accounts Receivable	0
Total Assets	15,523
<hr/>	
Liabilities	
Accounts Payable	10,303
Due to Board of County Commissioners	5,220
Total Liabilities	15,523
<hr/>	
Fund balance	
Committed	0
Assigned	0
Total Fund Balance	0
<hr/>	
Total Liabilities and Fund Balance	\$ 15,523
<hr/>	

The accompanying notes are an integral part of these special-purpose financial statements

**JEFFERSON COUNTY, FLORIDA
PROPERTY APPRAISER
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
SEPTEMBER 30, 2019**

	General Fund
<hr/>	
Revenues	
Charges for Services	\$ 25,755
Investment Earnings	613
Total Revenues	<hr/> 26,368 <hr/>
Expenditures	
General Government	
Personal Services	454,580
Operating Expenses	118,495
Capital Outlay	12,124
Debt Services	35,780
Total Expenditures	<hr/> 620,979 <hr/>
 Deficiency of Revenues Under Expenditures	 <hr/> (594,611) <hr/>
Other Financing Sources (Uses)	
Transfers In	599,831
Transfers (Out)	(5,220)
Net Other Financing Sources	<hr/> 594,611 <hr/>
 Net Change in Fund Balance	 <hr/> 0 <hr/>
 Fund Balance - Beginning	 <hr/> 0 <hr/>
 Fund Balance - Ending	 <hr/> \$ 0 <hr/> <hr/>

The accompanying notes are an integral part of these special-purpose financial statements

**JEFFERSON COUNTY, FLORIDA
PROPERTY APPRAISER
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
SEPTEMBER 30, 2019**

	General Fund			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Charges for Services	\$ 19,847	\$ 25,755	\$ 25,755	\$ 0
Investment Earnings	0	0	613	613
Total Revenues	19,847	25,755	26,368	613
Expenditures				
General Government				
Personal Services	419,958	456,092	454,580	(1,512)
Operating Expenses	127,055	125,946	118,495	(7,451)
Capital Outlay	44,880	43,548	12,124	(31,424)
Debt Services	21,751	0	35,780	35,780
Total Expenditures	613,644	625,586	620,979	(4,607)
Deficiency of Revenues Under Expenditures	(593,797)	(599,831)	(594,611)	5,220
Other Financing Sources (Uses)				
Transfers In	593,797	599,831	599,831	0
Transfers (Out)	0	0	(5,220)	(5,220)
Net other Financing Sources (Uses)	593,797	599,831	594,611	(5,220)
Net Change in Fund Balances	\$ 0	\$ 0	\$ 0	\$ 0

The accompanying notes are an integral part of these special-purpose financial statements

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

JEFFERSON COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 – Summary of Significant Accounting Policies

The accounting policies and the presentation of these special-purpose 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 the significant principles and policies used in the preparation of the accompanying financial statements.

Reporting Entity

Jefferson County, Florida, (the “County”) is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the “Board”), as provided by Section 125.73, Florida Statutes. The Board is responsible for the administration of all departments of which the Board has the authority to control pursuant to general laws of Florida.

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

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

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

Entity status for financial reporting 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 purposes. Therefore, the Property Appraiser is reported as part of the primary government of Jefferson County, Florida.

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

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

JEFFERSON COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 – Summary of Significant Accounting Policies (continued)

Basis of Presentation

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

The Property Appraiser utilizes the following fund type:

- **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 when revenues and expenditures are recognized in the accounts and reported in the 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 service 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.

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.

**JEFFERSON COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 1 – Summary of Significant Accounting Policies (continued)

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 revenues and expenditures appropriated and approved by the Board of County Commissioners.

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 types at the time an asset is acquired. Assets acquired by the Property Appraiser are capitalized at cost in the capital asset accounts of the County. The Property Appraiser's assets are reported in the Statement of Net Assets in the County's financial statements. The Property Appraiser maintains custodial responsibility for the capital assets used by her office.

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

Furniture, machinery, and equipment 3-30 years

Accumulated Compensated Absences

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

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

Risk Management and Insurance

The Property Appraiser is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employee and/or the public; or damage to property of others. The Property Appraiser is covered under the Board of County Commissioners insurance policies. 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 amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

JEFFERSON COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 – Summary of Significant Accounting Policies (concluded)

Subsequent Events

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

Fund Balance Reporting

The Property Appraiser has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), as required. The purpose of GASB 54 is to improve the consistency and usefulness of fund balance information to the financial statement user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components:

- **Nonspendable**—This component of fund balance consists of amounts that cannot be spent because (a) they are not expected to be converted to cash, or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Property Appraiser does not have any nonspendable funds.
- **Restricted**—This component of fund balance consists of amounts that are constrained either externally by third parties (creditors, grantors, contributors, laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.
- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., ordinance or resolution) of the County's governing body. These committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (e.g., ordinance or resolution) it employed previously to constrain those amounts.
- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization's governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. The Property Appraiser has not delegated the responsibility to assign fund balances to any individual or body.
- **Unassigned**—This classification is used for (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the General Fund that are not restricted, committed or assigned.

Note 2 – Deposits and Investments

At September 30, 2019, the carrying amount of the Property Appraiser's cash and cash equivalents and restricted cash was \$15,523 and the bank balance was \$55,359. 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 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.

**JEFFERSON COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 2 – Deposits and Investments (concluded)

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

Credit Risk

At September 30, 2019, the Property Appraiser did not hold any deposits or investments that were considered to have credit risk.

Custodial Credit Risk

At September 30, 2019, the Property Appraiser did not hold any deposits or investments that were considered to have custodial credit risk.

Interest Rate Risk

At September 30, 2019, the Property Appraiser did not hold any deposits or investments that were considered to have interest rate risk.

Concentration of Credit Risk

At September 30, 2019, the Property Appraiser did not hold any deposits or investments that were considered to have concentration of credit risk.

Note 3 – Long-term Liability for Compensated Absences

The Property Appraiser has a long-term liability of \$12,689 for accrued compensated absences, management estimates that \$3,172 will be due and payable within one year. The liability is not reported in the financial statements of the Property Appraiser since it is not payable from available resources at September 30, 2019. The liability is reported on the statement of net position in the County-wide financial statements.

Note 4 – Pension and Postemployment Benefits Other Than Pension Benefits

Florida Retirement System (FRS) Pension Benefits

The Property Appraiser participates in the Florida Retirement System to provide benefits to their employees. A detailed plan description and any liability for employees of the Property Appraiser are included in the financial statements of the County.

Postemployment Benefits Other Than Pensions

The Property Appraiser participates in the plan established by the Board of County Commissioners to provide other postemployment benefits to retirees of the Board and Constitutional Officers. A detailed plan description and any liability for employees of the Property Appraiser are included in the financial statements of the County.

JEFFERSON COUNTY, FLORIDA
PROPERTY APPRAISER
NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 5 – Excess Revenue

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

Note 6 – Fund Equity

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The Property Appraiser had no non-spendable net assets at September 30, 2019.

Spendable fund balances are classified based on a hierarchy of the Property Appraiser's ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ended September 30, 2019, the Property Appraiser 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.

COMPLIANCE SECTION

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

The Honorable Angela C. Gray
Jefferson County Property Appraiser
Monticello, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the special-purpose financial statements of the Jefferson County, Florida, Property Appraiser (the "Property Appraiser") as of and for the year ended September 30, 2019, and the related notes to the special-purpose financial statements, which collectively comprise the Property Appraiser's basic special-purpose financial statements and have issued our report thereon dated November 12, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

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

Purpose of this Report

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

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, Florida

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

The Honorable Angela C. Gray
Jefferson County Property Appraiser
Monticello, Florida

We have examined the Jefferson County, Florida, Property Appraiser's (the "Property Appraiser") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. Management is responsible for the Property Appraiser's compliance with those requirements. Our responsibility is to express an opinion on the Property Appraiser's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Property Appraiser complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Property Appraiser complied with specific requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Property Appraiser's compliance with specified requirements.

In our opinion, the Property Appraiser complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

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

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, Florida

INDEPENDENT AUDITORS' MANAGEMENT LETTER

The Honorable Angela C. Gray
Jefferson County Property Appraiser
Jefferson County, Florida

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of the Jefferson County, Florida, Property Appraiser (the "Property Appraiser"), as of and for the year ended September 30, 2019, and have issued our report thereon November 12, 2020.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with AICPA *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated November 12, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no findings and associated recommendations made in the preceding audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This item was disclosed in the notes to the financial statements.

Financial Management

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

INDEPENDENT AUDITORS' MANAGEMENT LETTER
(Concluded)

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of the Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies and the Jefferson County, Florida, Property Appraiser and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, Florida

**JEFFERSON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

**JEFFERSON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
SEPTEMBER 30, 2019**

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INDEPENDENT AUDITORS' REPORT

The Honorable Marty Bishop
Jefferson County Supervisor of Elections
Monticello, Florida

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of the major fund of the Jefferson County, Florida, Supervisor of Elections (the "Supervisor of Elections") as of and for the year ended September 30, 2019, and the related notes to the special-purpose financial statements, which collectively comprise the Supervisor of Elections' special-purpose financial statements as listed in the table of contents.

Management's Responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these special-purpose financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the Auditors' judgment, including the assessment of the risks of material misstatement of the special-purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special-purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Supervisor of Elections' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the special-purpose financial statements.

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

INDEPENDENT AUDITORS' REPORT
(Concluded)

Opinions

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund of the Supervisor of Elections as of September 30, 2019, and the respective changes in financial position, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the special-purpose financial statements, the special-purpose financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying special-purpose financial statements are intended to present the financial position and changes in financial positioning, where applicable, of the major fund, only for the portion of the major fund, of Jefferson County, Florida that is attributable to the Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Jefferson County, Florida, as of September 30, 2019, and the changes in its financial position, where applicable, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2020, on our consideration of the Supervisor of Elections' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Supervisor of Elections' internal control over financial reporting and compliance.

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, Florida

SPECIAL-PURPOSE FINANCIAL STATEMENTS

**JEFFERSON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
SPECIAL-PURPOSE BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2019**

	General Fund
<hr/>	
Assets	
Cash and Cash Equivalents	\$ 7,992
Restricted Cash	0
Total Assets	7,992
<hr/> <hr/>	
Liabilities	
Due to Board of County Commissioners	6,120
Deferred Revenue	1,872
Total Liabilities	7,992
<hr/>	
Fund Balance	0
<hr/>	
Total Liabilities and Fund Balance	\$ 7,992
<hr/> <hr/>	

The accompanying notes are an integral part of these special-purpose financial statements

**JEFFERSON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
SEPTEMBER 30, 2019**

	General Fund
<hr/>	
Revenues	
Grant Revenue	\$ 25,453
Interest Income	369
Total Revenues	25,822
<hr/>	
Expenditures	
General Government	
Personal Services	218,607
Operating Expenses	105,567
Capital Outlay	0
Total Expenditures	(324,174)
<hr/>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	(298,352)
<hr/>	
Other Financing Sources (Uses)	
Transfers In	304,472
Transfers (Out)	(6,120)
Net Other Financing Sources (Uses)	298,352
<hr/>	
Net Change in Fund Balance	0
<hr/>	
Fund Balance - Beginning	0
<hr/>	
Fund Balance - Ending	\$ 0
<hr/> <hr/>	

The accompanying notes are an integral part of these special-purpose financial statements

JEFFERSON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
SPECIAL-PURPOSE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
SEPTEMBER 30, 2019

General Fund				
	<u>Budgeted Amounts</u>		Actual Amounts	Variance
	Original	Final		With Final Budget Favorable (Unfavorable)
Revenues				
Grant Revenue	\$ 25,645	\$ 25,645	\$ 25,453	\$ (192)
Interest Income	0	0	369	369
Total revenues	25,645	25,645	25,822	177
Expenditures				
General Government				
Personal Services	239,164	239,164	218,607	(20,557)
Operating Expenses	90,953	90,953	105,567	14,614
Capital Outlay	0	0	0	0
Total Expenditures	330,117	330,117	324,174	(5,943)
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(304,472)	(304,472)	(298,352)	6,120
Other Financing Sources (Uses)				
Transfers In	304,472	304,472	304,472	(0)
Transfers (Out)	0	0	(6,120)	(6,120)
Net Other Financing Sources (Uses)	304,472	304,472	298,352	(6,120)
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0

The accompanying notes are an integral part of these special-purpose financial statements

NOTES TO SPECIAL-PURPOSE FINANCIAL STATEMENTS

JEFFERSON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO BASIC SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 – Summary of Significant Accounting Policies

The accounting policies and the presentation of these special-purpose 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 the significant principles and policies used in the preparation of the accompanying financial statements.

Reporting Entity

Jefferson County, Florida, (the “County”) is a political subdivision of the State of Florida. It is governed by an elected Board of County Commissioners (the “Board”), as provided by Section 125.73, Florida Statutes. The Board is responsible for the administration of all departments of which the Board has the authority to control pursuant to general laws of Florida.

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

The accompanying special-purpose financial statements present the financial position and results of operations of the various fund types for all the funds controlled by the Jefferson County Supervisor of Elections’ Office.

The Supervisor of Elections is a separate 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 Jefferson County, Florida taken as a whole.

Entity status for financial reporting is governed by Statement No. 14 of the Governmental Accounting Standards Board (GASB). Although the Supervisor 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 purposes. Therefore, the Supervisor of Elections is reported as part of the primary government of Jefferson County, Florida.

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

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

**JEFFERSON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO BASIC SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 1 – Summary of Significant Accounting Policies (continued)

Basis of Presentation

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

The Supervisor of Elections utilizes the following fund type:

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

Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. 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 special-purpose 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 Supervisor of Elections’ policy to use the restricted resources first, the unrestricted resources as needed.

Budgetary Requirements

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

**JEFFERSON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO BASIC SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 1 – Summary of Significant Accounting Policies (continued)

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 Supervisor of Elections only budgeted revenues and expenditures appropriated and approved by the Board of County Commissioners.

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

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

Risk Management and Insurance

The Supervisor of Elections is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employee and/or the public; or damage to property of others. The Supervisor of Elections is covered under the Board of County Commissioners insurance policies. 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 amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**JEFFERSON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO BASIC SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 1 – Summary of Significant Accounting Policies (concluded)

Subsequent Events

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

Fund Balance Reporting

The Supervisor of Elections has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), as required. The purpose of GASB 54 is to improve the consistency and usefulness of fund balance information to the financial statement user. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the organization is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components:

- **Nonspendable**—This component of fund balance consists of amounts that cannot be spent because (a) they are not expected to be converted to cash, or (b) they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Supervisor of Elections does not have any nonspendable funds.
- **Restricted**—This component of fund balance consists of amounts that are constrained either externally by third parties (creditors, grantors, contributors, laws or regulations of other governments), or (b) by law through constitutional provisions or enabling legislation.
- **Committed**—This component of fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (e.g., ordinance or resolution) of the County's governing body. These committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (e.g., ordinance or resolution) it employed previously to constrain those amounts.
- **Assigned**—This component of fund balance consists of amounts that are constrained by a less-than-formal action of the organization's governing authority, or by an individual or body to whom the governing authority has delegated this responsibility. The Supervisor of Elections has not delegated the responsibility to assign fund balances to any individual or body.
- **Unassigned**—This classification is used for (a) negative unrestricted fund balances in any governmental fund, or (b) fund balances within the General Fund that are not restricted, committed or assigned.

**JEFFERSON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO BASIC SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 2 – Deposits and Investments

Cash Deposits

At September 30, 2019, the carrying amount of the Supervisor of Elections' cash and cash equivalents and restricted cash was \$7,992 and the bank balance was \$7,992. 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 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.

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, 2019, the Supervisor of Elections did not hold any deposits or investments that were considered to have credit risk.

Interest Rate Risk

At September 30, 2019, the Supervisor of Elections did not hold any deposits or investments that were considered to have interest rate risk.

Custodial Credit Risk

At September 30, 2019, the Supervisor of Elections did not hold any deposits or investments that were considered to have custodial credit risk.

Concentration of Credit Risk

At September 30, 2019, the Supervisor of Elections did not have any investments that were considered to have a concentration of credit risk.

Note 3 – Long-term Liability for Compensated Absences

The Supervisor of Elections has a long-term liability of \$6,609 for accrued compensated absences, management estimates that \$1,652 will be due and payable within one year. The liability is not reported in the financial statements of the Supervisor of Elections since it is not payable from available resources at September 30, 2019. The liability is reported on the statement of net position in the County-wide financial statements.

**JEFFERSON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS
NOTES TO BASIC SPECIAL-PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

Note 4 – Pension and Postemployment Benefits Other Than Pension Benefits

Florida Retirement System (FRS) Pension Benefits

The Supervisor of Elections participates in the Florida Retirement System to provide benefits to their employees. A detailed plan description and any liability for employees of the Supervisor of Elections are included in the financial statements of the County.

Postemployment Benefits Other Than Pensions

The Supervisor of Elections participates in the plan established by the Board of County Commissioners to provide other postemployment benefits to retirees of the Board and Constitutional Officers. A detailed plan description and any liability for employees of the Supervisor of Elections are included in the financial statements of the County.

Note 5 – Excess Revenue

Pursuant to Statute 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 in the amount of \$6,120 were returned to the Board of County Commissioners as required by Florida Statutes subsequent to year end.

Note 6 – Grants

The Supervisor of Elections participates in state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended September 30, 2019, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the Supervisor of Elections' compliance with the applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined, although the Supervisor of Elections expects such amounts, if any, to be immaterial.

COMPLIANCE SECTION

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

The Honorable Marty Bishop
Jefferson County Supervisor of Elections
Monticello, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the special-purpose financial statements of the Jefferson County, Florida, Supervisor of Elections (the "Supervisor of Elections") as of and for the year ended September 30, 2019, and the related notes to the special-purpose financial statements, which collectively comprise the Supervisor of Elections' basic special-purpose financial statements and have issued our report thereon dated November 12, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described below as findings No. SOE2008-01 and SOE2008-02 that we consider to be significant deficiencies.

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

Prior Year Findings and Recommendations:

Need for Segregation of Duties - SOE2008-01

CRITERIA: The internal control environment should include proper segregation of duties and responsibilities over accounting functions.

CONDITION: There is a lack of segregation of duties between employees who have recordkeeping responsibility and employees in custody of the Supervisor of Elections' assets.

CAUSE: The Supervisor of Elections has limited personnel in the accounting department.

EFFECT: The possibility exists that unintentional or intentional errors or irregularities could occur and not be promptly detected.

RECOMMENDATION: We realize that due to the size of the Supervisor of Elections' administrative staff, it is difficult to achieve ideal separation of duties. However, the Supervisor of Elections should remain very active and involved in the day-to-day operations. Controls should be implemented to help compensate for these weaknesses and to provide checks and balances.

MANAGEMENT RESPONSE: The condition continues to exist.

Preparation of GAAP-Based Financial Statements - SOE2008-02

CRITERIA: An entity's system of internal control over financial reporting should include controls over the prevention, detection and correction of misstatements in the audited financial statements.

CONDITION: The Supervisor of Elections relies on the external auditor to assist with preparing the financial statements in conformity with generally accepted accounting principles.

CAUSE: The Supervisor of Elections does not have an individual on staff with the accounting education and experience to prepare financial statements in accordance with generally accepted accounting principles (GAAP).

EFFECT: The fact the Supervisor of Elections does not have someone on staff to prepare the financial statements in accordance with generally accepted accounting principles and to record complex accounting transactions results in a significant deficiency under professional standards.

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

MANAGEMENT RESPONSE: The condition continues to exist.

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

Compliance and Other Matters

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

Purpose of this Report

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

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, Florida

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES**

The Honorable Marty Bishop
Jefferson County Supervisor of Elections
Monticello, Florida

We have examined the Jefferson County, Florida Supervisor of Elections' (the "Supervisor of Elections") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. Management is responsible for the Supervisor of Elections' compliance with those requirements. Our responsibility is to express an opinion on the Supervisor of Elections' compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Supervisor of Elections complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Supervisor of Elections complied with specific requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Supervisor of Elections' compliance with specified requirements.

In our opinion, the Supervisor of Elections complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

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

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, Florida

INDEPENDENT AUDITORS' MANAGEMENT LETTER

The Honorable Marty Bishop
Jefferson County Supervisor of Elections
Monticello, Florida

Report on the Financial Statements

We have audited the accompanying special-purpose financial statements of the Jefferson County, Florida Supervisor of Elections (the "Supervisor of Elections"), as of and for the year ended September 30, 2019, and have issued our report thereon November 12, 2020.

Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with AICPA *Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated November 12, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Significant findings and recommendations made in the preceding annual financial audit report have not been corrected.

Official Title and Legal Authority

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the special-purpose financial statements. This item was disclosed in the notes to the financial statements.

Financial Condition and Management

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

INDEPENDENT AUDITORS' MANAGEMENT LETTER
(Concluded)

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the special-purpose financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we issued a schedule of findings all of which are considered material weaknesses.

Purpose of the Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Supervisor of Elections, his management team, and the Board of County Commissioners of Jefferson County, Florida and is not intended to be, and should not be, used by anyone other than these specified parties.

Moran & Smith LLP

Moran & Smith LLP
November 12, 2020
Tallahassee, Florida



Marty Bishop

*Jefferson County
Supervisor of Elections*

380 West Dogwood Street • Monticello, Florida 32344 • (850) 997-3348 • Fax: (850) 997-6958 • E-mail: soejeffersonco@aol.com

Jefferson County, Florida

Supervisor of Elections

Management's Response

Auditor General's Office
Post Office Box 1735
Tallahassee, FL 32302

Dear Sir:

This is in reply to the auditor's findings reported in my audit for the year ending September 30, 2019.

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

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

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

Sincerely,

Marty Bishop
Jefferson County Supervisor of Elections