Jackson County, Florida

Financial Statements

September 30, 2011

Jackson County, Florida
FINANCIAL STATEMENTS
September 30, 2011

BOARD OF COUNTY COMMISSIONERS

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AUDITOR
Carr, Riggs & Ingram, LLC

Jackson County, Florida
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Board of County Commissioners

Clerk of the Circuit Court

Property Appraiser

Sheriff

Supervisor of Elections

Tax Collector

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information and fiduciary fund type of Jackson County, Florida as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Jackson County, Florida. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and fiduciary fund type of Jackson County, Florida as of September 30, 2011, and the respective changes in financial position, and, where applicable, and cash flow, thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 18, 2012 on our consideration of the Jackson County, Florida's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3.1 to 3.8 and budgetary comparison information on pages 10 to 15 be presented to supplement the basic statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing and comparing and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

June 18, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the County's financial statements and notes to financial statements found on pages 4 through 47.

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

This discussion and analysis reflects the County's financial performance for the year and its financial position at fiscal year-end September 30, 2011. This is the ninth year for reporting in accordance with GASB Statement 34.

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

HIGHLIGHTS OF SIGNIFICANT FINANCIAL ATTRIBUTES

Key financial highlights for the 2010-2011 fiscal year are as follows:

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by $77,095,893.
- The County's total net assets increased by $14,269,294, which represents a 22.72 percent increase from the 2009-2010 fiscal year.
- As of the close of the current fiscal year, the County's governmental funds reported total fund balance of $24,838,521 an increase of $4,451,766 in comparison with the prior year.
- During the current year, General Fund expenditures and transfers exceeded revenues by $1,540,355. General Fund revenue decreased by $168,972, or 1.09% under the prior fiscal year.

OVERVIEW OF FINANCIAL ACTIVITIES AND STATEMENTS

The basic financial statements consist of three components:

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

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

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

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

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

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

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

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

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the County's funds. The County maintains 46 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fine & Forfeiture, Transportation Trust, Local Option Gas Tax, Road Construction and Gas Tax Bond Series 2010, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

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

Notes to Financial Statements
The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 through 47 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The following is a summary of the County's net assets as of September 30, 2010 and September 30, 2011:

	Governmental Activities		Business-type Activities		Totals	
as of September 30,	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Current and other assets	**$ 30,509,003**	$ 26,466,020	**$ 1,137,570**	$ 1,344,871	**$ 31,646,573**	$ 27,810,891
Non-current assets	**55,310,408**	36,632,048	**12,016,579**	12,042,735	**67,326,987**	48,674,783
Total assets	**85,819,411**	63,098,068	**13,154,149**	13,387,606	**98,973,560**	76,485,674
Current and other liabilities	**5,670,482**	6,079,265	**98,549**	282,948	**5,769,031**	6,362,213
Non-current liabilities	**11,395,636**	2,534,862	**4,713,000**	4,762,000	**16,108,636**	7,296,862
Total liabilities	**17,066,118**	8,614,127	**4,811,549**	5,044,948	**21,877,667**	13,659,075
Invested in capital assets, net of related debt	**46,179,758**	36,038,697	**7,303,579**	7,280,735	**53,483,337**	43,319,432
Restricted	**9,243,326**	2,102,238	**551,817**	743,106	**9,795,143**	2,845,344
Unrestricted	**13,330,209**	16,343,006	**487,204**	318,817	**13,817,413**	16,661,823
Total net assets	**$ 68,753,293**	$ 54,483,941	**$ 8,342,600**	$ 8,342,658	**$ 77,095,893**	$ 62,826,599

MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Activities
for the year ended

	Governmental Activities		Business-type Activities		Totals	
as of September 30,	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Revenues						
Program revenues						
Charges for services	**$ 6,119,463**	$ 5,331,506	**$ 1,242,338**	$ 1,081,329	**$ 7,361,801**	$ 6,412,835
Operating grants and contributions	**2,507,414**	2,248,445	**-**	7,206	**2,507,414**	2,255,651
Capital grants and contributions	**339,534**	3,161,060	**154,470**	614,227	**494,004**	3,775,287
Total program revenues	**8,966,411**	10,741,011	**1,396,808**	1,702,762	**10,363,219**	12,443,773
General Revenues						
Property taxes	**11,111,006**	10,815,832	**-**	**-**	**11,111,006**	10,815,832
Other taxes, intergovernmental and shared revenue	**30,630,079**	18,900,289	**-**	**-**	**30,630,079**	18,900,289
Investment earnings	**54,061**	125,886	**11,209**	15,343	**65,270**	141,229
Miscellaneous	**978,353**	534,036	**100**	137,712	**978,453**	671,748
Transfers	**(167,978)**	(259,759)	**167,978**	259,759	**-**	-
Transfers to State of FL	**(63,738)**	-	**-**	-	**(63,738)**	-
Total general revenues	**42,541,783**	30,116,284	**179,287**	412,814	**42,721,070**	30,529,098
Total revenues	**51,508,194**	40,857,295	**1,576,095**	2,115,576	**53,084,289**	42,972,871
Expenses						
Program activities						
Governmental activities:						
General government	**8,621,922**	8,371,012	**-**	-	**8,621,922**	8,371,012
Public safety	**13,290,955**	13,437,062	**-**	-	**13,290,955**	13,437,062
Physical environment	**533,866**	498,587	**-**	-	**533,866**	498,587
Transportation	**9,540,216**	11,349,872	**-**	-	**9,540,216**	11,349,872
Economic environment	**1,153,409**	737,846	**-**	-	**1,153,409**	737,846
Human services	**1,407,660**	946,206	**-**	-	**1,407,660**	946,206
Culture and recreation	**1,102,462**	1,103,116	**-**	-	**1,102,462**	1,103,116
Court related	**1,328,347**	1,393,811	**-**	-	**1,328,347**	1,393,811
Interest on long-term debt	**260,005**	92,728	**-**	-	**260,005**	92,728
Business-type activities	**-**	-	**1,576,153**	1,569,863	**1,576,153**	1,569,863
Total expenses	**37,238,842**	37,930,240	**1,576,153**	1,569,863	**38,814,995**	39,500,103
Change in net assets	**14,269,352**	2,927,055	**(58)**	545,713	**14,269,294**	3,472,768
Net assets – beginning	**54,483,941**	51,556,886	**8,342,658**	7,796,945	**62,826,599**	59,353,831
Net assets – ending	**$ 68,753,293**	$ 54,483,941	**$ 8,342,600**	$ 8,342,658	**$77,095,893**	$62,826,599

The largest portion of the County's net assets (69.38%) reflects its investments in capital assets (e.g., land, buildings, and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets (12.70%) represent resources that are dedicated or subject to restrictions on how they may be used. The remaining balance of unrestricted net assets ($13,817,413 or 17.92%) may be used to meet the government's ongoing obligations to citizens and creditors.

The key elements of the changes in the County's net assets for the fiscal years ended September 30, 2011 are contained on the Statement of Activities on Page 5 of this report.

Governmental activities increased the County's net assets by $14,269,352.

FUND BUDGETS: DEVIATIONS AND SIGNIFICANT ATTRIBUTES

Major Governmental Funds

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the unassigned fund balance was $3,057,704 while the total fund balance was $5,266,690. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total General Fund expenditures. Unreserved fund balance represents 14.64% of total General Fund expenditures, while total fund balance represents 25.22% of that same amount. The fund balance decreased by $1,540,355 during the 2010-2011 fiscal year.

The Fine and Forfeiture fund accounts for law enforcement activities of the County. At the end of the current fiscal year, the fund balance was $198,916 which is assigned. The fund balance decreased by $490,855 during the 2010-2011 fiscal year.

The Transportation Trust fund accounts for the operation cost of the Public Works Department. At the end of the current fiscal year, the fund balance was $666,966. The fund balance increased by $53,882 during the 2010-2011 fiscal year.

The Local Option Gas Tax fund accounts for receipts and disbursements of the County gas tax funds distributed from the State. At the end of the current fiscal year, the fund balance was $4,118,853. The fund balance increased by $602,143 during the 2010-2011 fiscal year.

The Road Construction fund accounts for revenues that improve roads throughout the County. At the end of the current fiscal year, the fund balance was $786,038. The fund balance decreased by $764,084 during the 2010-2011 fiscal year.

The Gas Tax Bond Series 2010 fund accounts for bond revenues that improve roads throughout the County. At the end of the current fiscal year, the fund balance was $5,945,429. The fund balance increased by $5,502,203 during the 2010-2011 fiscal year.

Proprietary Funds
The County's proprietary funds reported net assets of $8,342,600 which includes $6,971,407 from the operation of the Water/Sewer System.

Total unrestricted fund balances for all governmental funds totaled $3,056,990 at September 30, 2011, compared to total governmental fund balances of $24,838,521 at the same date. The reserved fund balance was $9,243,326 which included funds for Landfill Closure costs, the sick leave buy back program, debt services and bond proceeds for road construction projects.

The unreserved Governmental Fund balance of $3,056,990 is different from the Unrestricted Net Assets amount on the Statement of Net Assets of $13,330,209 due to reporting requirements regarding primarily capital assets and long-term debt liabilities which are not included on the Governmental Fund balance sheet.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the 2010-2011 fiscal year, the County amended its General Fund budget on November 29, 2011. The County received unanticipated revenues and determined actual cash balance forward dollars in excess of the original budget figures in the amount of $2,663,464.

CAPITAL ASSETS

The County's investment in capital assets for its governmental and business type activities as of September 30, 2011 amounted to $67,326,987 (net of accumulated depreciation). This investment in capital assets includes land; buildings and fixed equipment; cost for past road and other infrastructure; fixtures and equipment; and computer software.

LONG-TERM DEBT

At the end of fiscal year ended September 30, 2011, the County had a long-term debt amounting to $16,108,636. Of this amount, revenue bond outstanding was $13,843,650, with $1,300,825 to meet compensated absences obligations, and the remainder for landfill closure and post-closure costs, and other post-employment benefit obligation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

ECONOMIC FACTORS – JACKSON COUNTY, FLORIDA

- The unemployment rate for the County was 8.5% percent at September 30, 2011, there was no increase from the prior year.
- Population decreased to approximately 41,901.
- The taxable value for personal and real property in the County at September 30, 2011 is $1,425,227,926 a decrease of 1.01 percent from the previous year.
- The general ad valorem tax millage rate was 7.1223 for the year ended September 30, 2011.
- The budget for the next fiscal year ending September 30, 2012 represents a 1.2 percent increase over the 2010-2011 fiscal year total operating expenditures.

REQUESTS FOR INFORMATION

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

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

Basic Financial Statements

Jackson County, Florida
Statement of Net Assets

September 30, 2011

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 18,354,750	$ 421,189	$ 18,775,939
Restricted cash and cash equivalents	8,001,421	594,436	8,595,857
Accounts receivable	503,808	124,302	628,110
Internal balances	7,869	(2,407)	5,462
Due from other governmental units	3,641,155	50	3,641,205
Capital assets, net			
Nondepreciable capital assets	4,793,338	21,145	4,814,483
Depreciable capital assets, net	50,517,070	11,995,434	62,512,504
Total assets	85,819,411	13,154,149	98,973,560
Liabilities			
Accounts payable and accrued expenses	3,467,565	55,930	3,523,495
Accrued interest payable	74,293	17,619	91,912
Due to other governmental units	135,108	-	135,108
Deferred revenue	1,993,516	-	1,993,516
Liabilities payable from restricted assets	-	25,000	25,000
Long-term liabilities			
Portion due or payable within one year			
Bonds payable	875,862	73,000	948,862
Landfill closure liability	83,581	-	83,581
Portion due or payable after one year			
Bonds payable	8,254,788	4,640,000	12,894,788
Compensated absences	1,300,825	-	1,300,825
Other post-employment benefit obligation	672,000	-	672,000
Landfill closure liability	208,580	-	208,580
Total liabilities	17,066,118	4,811,549	21,877,667
Net assets			
Invested in capital assets, net of related debt	46,179,758	7,303,579	53,483,337
Restricted	9,243,326	551,817	9,795,143
Unrestricted	13,330,209	487,204	13,817,413
Total net assets	$ 68,753,293	$ 8,342,600	$ 77,095,893

See accompanying notes to financial statements.

Jackson County, Florida
Statement of Activities

For the year ended September 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total
Primary government							
Governmental activities							
General government	$ 8,621,922	$ 2,115,245	$ 158,332	$ 111,086	$ (6,237,259)	$ -	$ (6,237,259)
Public safety	13,290,955	3,525,069	286,451	36,862	(9,442,573)	-	(9,442,573)
Physical environment	533,866	-	73,740	-	(460,126)	-	(460,126)
Transportation	9,540,216	-	1,431,158	191,586	(7,917,472)	-	(7,917,472)
Economic environment	1,153,409	-	320,760	-	(832,649)	-	(832,649)
Human services	1,407,660	12,371	42,427	-	(1,352,862)	-	(1,352,862)
Culture and recreation	1,102,462	108,764	194,546	-	(799,152)	-	(799,152)
Court related	1,328,347	358,014	-	-	(970,333)	-	(970,333)
Interest on long-term debt	260,005	-	-	-	(260,005)	-	(260,005)
Total governmental activities	37,238,842	6,119,463	2,507,414	339,534	(28,272,431)	-	(28,272,431)
Business-type activities							
Water and sewer	739,520	929,154	-	18,878	-	208,512	208,512
Parks and recreation	385,906	150,897	-	135,592	-	(99,417)	(99,417)
Recycling	237,251	162,287	-	-	-	(74,964)	(74,964)
Interest on long-term debt	213,476	-	-	-	-	(213,476)	(213,476)
Total business-type activities	1,576,153	1,242,338	-	154,470	-	(179,345)	(179,345)
Total primary government	$ 38,814,995	$ 7,361,801	$ 2,507,414	$ 494,004	(28,272,431)	(179,345)	(28,451,776)
General revenues							
Taxes							
Property taxes					11,111,006	-	11,111,006
Local option taxes					5,896,099	-	5,896,099
Sales tax and other taxes					3,354,009	-	3,354,009
Intergovernmental and shared revenue					21,379,971	-	21,379,971
Investment earnings					54,061	11,209	65,270
Miscellaneous					978,353	100	978,453
Transfer to State of Florida					(63,738)	-	(63,738)
Transfers					(167,978)	167,978	-
Total general revenues					42,541,783	179,287	42,721,070
Change in net assets					14,269,352	(58)	14,269,294
Net assets, beginning					54,483,941	8,342,658	62,826,599
Net assets, ending					$ 68,753,293	$ 8,342,600	$ 77,095,893

See accompanying notes to financial statements.

Jackson County, Florida
Balance Sheet
Governmental Funds

September 30, 2011

	General Fund	Fines and Forfeitures	Transportation Trust	Local Option Gas Tax	Road Construction	Gas Tax Bond Series 2010	Other Governmental Funds	Total Governmental Funds
Assets								
Cash and cash equivalents	$ 5,045,227	$ 553,391	$ 523,258	$ 3,565,172	$ 423,245	$ -	$ 8,244,457	$ 18,354,750
Restricted cash and cash equivalents	590,560	-	218,766	-	-	7,091,320	100,775	8,001,421
Accounts receivable	262,451	-	-	-	-	-	241,357	503,808
Due from other funds	812,839	57,246	72,982	194,165	459,766	-	124,894	1,721,892
Due from other governmental units	966,662	258,289	526,608	432,253	840,988	21,101	595,254	3,641,155
Total assets	$ 7,677,739	$ 868,926	$ 1,341,614	$ 4,191,590	$ 1,723,999	$ 7,112,421	$ 9,306,737	$ 32,223,026
Liabilities								
Accounts payable and accrued expenses	$ 873,623	$ 211,038	$ 211,958	$ -	$ 753,341	$ 1,166,992	$ 250,613	$ 3,467,565
Accrued interest payable	-	-	-	-	74,293	-	-	74,293
Due to other funds	396,072	458,972	462,690	72,737	110,327	-	213,225	1,714,023
Due to other governmental units	135,108	-	-	-	-	-	-	135,108
Deferred revenue	1,006,246	-	-	-	-	-	987,270	1,993,516
Total liabilities	2,411,049	670,010	674,648	72,737	937,961	1,166,992	1,451,108	7,384,505
Fund balances								
Restricted	497,369	-	-	-	-	5,945,429	2,800,528	9,243,326
Committed	272,462	-	219,864	-	-	-	741,826	1,234,152
Assigned	1,439,155	198,916	447,102	4,118,853	786,038	-	4,313,989	11,304,053
Unassigned	3,057,704	-	-	-	-	-	(714)	3,056,990
Total fund balances	5,266,690	198,916	666,966	4,118,853	786,038	5,945,429	7,855,629	24,838,521
Total liabilities and fund balances	$ 7,677,739	$ 868,926	$ 1,341,614	$ 4,191,590	$ 1,723,999	$ 7,112,421	$ 9,306,737	$ 32,223,026

See accompanying notes to financial statements.

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

September 30, 2011

Amounts reported for governmental activities in the statement of net assets are different because:	
Total fund balances – governmental funds	$ 24,838,521
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the governmental funds.	55,310,408
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the governmental funds.	(11,395,636)
Net assets of governmental activities	$ 68,753,293

See accompanying notes to financial statements.

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

For the year ended September 30, 2011

	General Fund	Fines and Forfeitures	Transportation Trust	Local Option Gas Tax	Road Construction	Gas Tax Bond Series 2010	Other Governmental Funds	Total Governmental Funds
Revenues								
Taxes	$ 4,255,418	$ 6,239,294	$ 2,897,645	$ 2,178,958	$ 527,150	$ -	$ 4,262,649	$ 20,361,114
Licenses and permits	1,337,909	-	-	-	-	-	-	1,337,909
Intergovernmental	5,893,582	322,590	24,737	-	2,042,295	-	-	8,283,204
Charges for services	3,429,663	216,878	-	-	-	-	782,002	4,428,543
Fines and forfeitures	29,060	48,561	-	-	-	-	275,390	353,011
Grants	229,537	-	-	-	1,544,201	-	1,073,210	2,846,948
Investment earnings	23,059	2,443	1,133	12,217	420	2,737	12,052	54,061
Other fees and miscellaneous revenues	147,207	214,513	298,000	-	43,925	650	274,058	978,353
Total revenues	15,345,435	7,044,279	3,221,515	2,191,175	4,157,991	3,387	6,679,361	38,643,143
Expenditures								
Current:								
General government	7,923,373	-	-	-	-	-	236,192	8,159,565
Public health and safety	8,580,217	3,159,257	-	-	-	-	865,251	12,604,725
Physical environment	460,127	-	-	-	-	-	73,739	533,866
Transportation	190,218	-	5,281,277	6,210	1,978,132	-	309,483	7,765,320
Economic environment	604,864	-	-	-	-	-	472,233	1,077,097
Human services	922,686	-	-	-	-	-	42,428	965,114
Culture/recreation	383,772	-	-	-	-	-	580,754	964,526
Court related	1,052,031	-	-	-	-	-	242,484	1,294,515
Capital outlay	676,307	95,306	530,839	82,234	3,108,634	4,058,184	320,723	8,872,227
Debt service								
Principal	90,351	-	-	-	929,350	-	-	1,019,701
Interest and other charges	4,607	-	-	-	255,398	-	-	260,005
Total expenditures	20,888,553	3,254,563	5,812,116	88,444	6,271,514	4,058,184	3,143,287	43,516,661
Excess (deficiency) of revenues over (under) expenditures	(5,543,118)	3,789,716	(2,590,601)	2,102,731	(2,113,523)	(4,054,797)	3,536,074	(4,873,518)
Other financing sources (uses)								
Transfers in	6,067,625	287,054	3,104,249	1,522,149	1,459,766	-	433,611	12,874,454
Transfers out	(2,001,124)	(4,567,625)	(459,766)	(3,022,737)	(110,327)	-	(2,880,853)	(13,042,432)
Transfer to State of Florida	(63,738)	-	-	-	-	-	-	(63,738)
Loan proceeds	-	-	-	-	-	9,557,000	-	9,557,000
Net other financing sources (uses)	4,002,763	(4,280,571)	2,644,483	(1,500,588)	1,349,439	9,557,000	(2,447,242)	9,325,284
Net changes in fund balances	(1,540,355)	(490,855)	53,882	602,143	(764,084)	5,502,203	1,088,832	4,451,766
Fund balances - beginning	6,807,045	689,771	613,084	3,516,710	1,550,122	443,226	6,766,797	20,386,755
Fund balances - ending	$ 5,266,690	$ 198,916	$ 666,966	$ 4,118,853	$ 786,038	$ 5,945,429	$ 7,855,629	$ 24,838,521

See accompanying notes to financial statements.

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

For the year ended September 30, 2011

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

Net change in fund balances - total governmental funds	$	4,451,766
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of activities.		8,872,227
Depreciation expense on governmental capital assets included in the governmental activities in the statement of activities.		(3,290,634)
The net effect of transactions involving capital assets (i.e. sales, transfers and donations) included in the governmental activities in the statement of activities.		13,096,767
Repayment of long-term debt is reported as an expenditure in governmental funds but as a reduction of long-term liabilities in the statement of net assets.		1,019,701
The issuance of long-term debt (notes payable) provides current financial resources to governmental funds, while it has no effect on the statement of activities.		(9,557,000)
Accrued other post-employment benefits do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		(238,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These expenses include:		
Compensated absences		(85,475)
Change in net assets of governmental activities	$	14,269,352

See accompanying notes to financial statements.

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

For the year ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	$ 3,988,443	$ 4,143,443	$ 4,255,418	$ 111,975
Licenses and permits	1,364,000	1,283,000	1,337,909	54,909
Intergovernmental	5,231,544	6,062,294	5,893,582	(168,712)
Charges for services	3,248,723	3,402,928	3,429,663	26,735
Fines and forfeitures	23,615	23,615	29,060	5,445
Grants	92,000	275,000	229,537	(45,463)
Investment earnings	9,050	9,050	23,059	14,009
Other fees and miscellaneous revenues	67,496	134,046	147,207	13,161
Total revenues	14,024,871	15,333,376	15,345,435	12,059
Expenditures				
Current:				
General government	8,498,634	8,657,739	7,923,373	734,366
Public health and safety	8,725,971	9,236,471	8,580,217	656,254
Physical environment	577,366	578,066	460,127	117,939
Transportation	201,039	201,039	190,218	10,821
Economic environment	620,039	620,539	604,864	15,675
Human services	1,128,659	1,146,659	922,686	223,973
Culture and recreation	463,256	480,456	383,772	96,684
Court related	1,180,485	1,201,185	1,052,031	149,154
Capital outlay	1,227,516	1,105,107	676,307	428,800
Debt service	90,351	580,351	94,958	485,393
Reserve for contingencies	421,124	796,627	-	796,627
Total expenditures	23,134,440	24,604,239	20,888,553	3,715,686
Excess (deficiency) of revenues over (under) expenditures	(9,109,569)	(9,270,863)	(5,543,118)	3,727,745
Other financing sources (uses)				
Transfers in	7,317,625	7,807,625	6,067,625	(1,740,000)
Transfers out	(581,982)	(2,154,852)	(2,001,124)	153,728
Transfer to State of Florida	-	-	(63,738)	(63,738)
Net other financing sources (uses)	6,735,643	5,652,773	4,002,763	(1,650,010)
Net change in fund balance	(2,373,926)	(3,618,090)	(1,540,355)	2,077,735
Fund balance - beginning	6,807,045	6,807,045	6,807,045	-
Fund balance - ending	$ 4,433,119	$ 3,188,955	$ 5,266,690	$ 2,077,735

See accompanying notes to financial statements.

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

For the year ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	$ 6,038,657	$ 6,193,657	$ 6,239,294	$ 45,637
Intergovernmental	318,505	318,505	322,590	4,085
Charges for services	453,000	253,000	216,878	(36,122)
Fines and forfeitures	47,200	48,200	48,561	361
Grants	60,077	60,077	-	(60,077)
Investment earnings	1,300	1,300	2,443	1,143
Other fees and miscellaneous revenues	212,857	212,857	214,513	1,656
Total revenues	7,131,596	7,087,596	7,044,279	(43,317)
Expenditures				
Current:				
Public health and safety	3,195,906	3,342,905	3,159,257	183,648
Capital outlay	-	95,306	95,306	-
Reserve for contingencies	150,000	58,495	-	58,495
Total expenditures	3,345,906	3,496,706	3,254,563	242,143
Excess (deficiency) of revenues over (under) expenditures	3,785,690	3,590,890	3,789,716	198,826
Other financing sources (uses)				
Transfers in	225,340	230,340	287,054	56,714
Transfers out	(4,511,030)	(4,511,030)	(4,567,625)	(56,595)
Net other financing sources (uses)	(4,285,690)	(4,280,690)	(4,280,571)	119
Net change in fund balance	(500,000)	(689,800)	(490,855)	198,945
Fund balance - beginning	689,771	689,771	689,771	-
Fund balance - ending	$ 189,771	$ (29)	$ 198,916	$ 198,945

See accompanying notes to financial statements.

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

For the year ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	$ 2,954,883	$ 2,954,883	$ 2,897,645	$ (57,238)
Intergovernmental	21,900	21,900	24,737	2,837
Fines and forfeitures	-	-	-	-
Grants	-	-	-	-
Investment earnings	5,000	5,000	1,133	(3,867)
Other fees and miscellaneous revenues	190	288,190	298,000	9,810
Total revenues	2,981,973	3,269,973	3,221,515	(48,458)
Expenditures				
Current:				
Transportation	5,599,036	6,072,299	5,281,277	791,022
Capital outlay	181,831	571,831	530,839	40,992
Total expenditures	5,780,867	6,644,130	5,812,116	832,014
Excess (deficiency) of revenues over (under) expenditures	(2,798,894)	(3,374,157)	(2,590,601)	783,556
Other financing sources (uses)				
Transfers in	3,233,073	3,564,585	3,104,249	(460,336)
Transfers out	(398,481)	(548,481)	(459,766)	88,715
Net other financing sources (uses)	2,834,592	3,016,104	2,644,483	(371,621)
Net change in fund balance	35,698	(358,053)	53,882	411,935
Fund balance - beginning	613,084	613,084	613,084	-
Fund balance - ending	$ 648,782	$ 255,031	$ 666,966	$ 411,935

See accompanying notes to financial statements.

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

For the year ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	$ 2,278,168	$ 2,188,168	$ 2,178,958	$ (9,210)
Investment earnings	5,000	5,000	12,217	7,217
Total revenues	2,283,168	2,193,168	2,191,175	(1,993)
Expenditures				
Current:				
Transportation	95	727,995	6,210	721,785
Capital outlay	-	2,144,662	82,234	2,062,428
Reserve for contingencies	-	909,045	-	909,045
Total expenditures	95	3,781,702	88,444	3,693,258
Excess (deficiency) of revenues over (under) expenditures	2,283,073	(1,588,534)	2,102,731	3,691,265
Other financing sources (uses)				
Transfers in	-	1,554,898	1,522,149	(32,749)
Transfers out	(3,233,073)	(3,483,073)	(3,022,737)	460,336
Net other financing sources (uses)	(3,233,073)	(1,928,175)	(1,500,588)	427,587
Net change in fund balance	(950,000)	(3,516,709)	602,143	4,118,852
Fund balance - beginning	3,516,710	3,516,710	3,516,710	-
Fund balance - ending	$ 2,566,710	$ 1	$ 4,118,853	$ 4,118,852

See accompanying notes to financial statements.

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

For the year ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	$ 542,748	$ 542,748	$ 527,150	$ (15,598)
Intergovernmental	2,147,687	2,147,687	2,042,295	(105,392)
Grants	-	1,606,757	1,544,201	(62,556)
Investment earnings	750	750	420	(330)
Other fees and miscellaneous revenues	-	44,000	43,925	(75)
Total revenues	2,691,185	4,341,942	4,157,991	(183,951)
Expenditures				
Current:				
Transportation	136,883	2,258,050	1,978,132	279,918
Debt service	1,110,430	1,110,530	1,184,748	(74,218)
Capital outlay	1,842,353	3,643,045	3,108,634	534,411
Total expenditures	3,089,666	7,011,625	6,271,514	740,111
Excess (deficiency) of revenues over (under) expenditures	(398,481)	(2,669,683)	(2,113,523)	556,160
Other financing sources (uses)				
Transfers in	398,481	1,548,481	1,459,766	(88,715)
Transfers out	-	(428,920)	(110,327)	318,593
Net other financing sources (uses)	398,481	1,119,561	1,349,439	229,878
Net change in fund balance	-	(1,550,122)	(764,084)	786,038
Fund balance - beginning	1,550,122	1,550,122	1,550,122	-
Fund balance - ending	$ 1,550,122	$ -	$ 786,038	$ 786,038

See accompanying notes to financial statements.

Jackson County, Florida
Board of County Commissioners
Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance
Gas Tax Bonds, Series 2010
Budget and Actual

For the year ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Intergovernmental	$ -	$ -	$ 650	$ 650
Investment earnings	-	2,800	2,737	(63)
Total revenues	-	2,800	3,387	587
Expenditures				
Current:				
Transportation	-	3,026	-	3,026
Capital outlay	-	10,000,000	4,058,184	5,941,816
Total expenditures	-	10,003,026	4,058,184	5,944,842
Excess (deficiency) of revenues over (under) expenditures	-	(10,000,226)	(4,054,797)	5,945,429
Other financing sources (uses)				
Loan proceeds	-	9,557,000	9,557,000	-
Net other financing sources (uses)	-	9,557,000	9,557,000	-
Net change in fund balance	-	(443,226)	5,502,203	5,945,429
Fund balance - beginning	443,226	443,226	443,226	-
Fund balance - ending	$ 443,226	$ -	$ 5,945,429	$ 5,945,429

See accompanying notes to financial statements

Jackson County, Florida
Statement of Net Assets
Proprietary Funds

September 30, 2011

	BUSINESS-TYPE ACTIVITIES/ENTERPRISE FUNDS			
		NON-MAJOR FUNDS		
	Jackson Water/Sewer	Parks and Recreation	Jackson Recycling	Total
Assets				
Current assets				
Cash and cash equivalents	$ 102,046	$ 39,986	$ 279,157	$ 421,189
Accounts receivable, net	85,665	5,403	33,234	124,302
Due from other funds	-	137,978	-	137,978
Due from other governments	50	-	-	50
Total current assets	187,761	183,367	312,391	683,519
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	594,436	-	-	594,436
Capital assets				
Nondepreciable	5,000	-	16,145	21,145
Depreciable, net	10,973,519	877,439	144,476	11,995,434
Total noncurrent assets	11,572,955	877,439	160,621	12,611,015
Total assets	11,760,716	1,060,806	473,012	13,294,534
Liabilities				
Current liabilities				
Accounts payable	33,690	11,763	10,477	55,930
Accrued interest payable	17,619	-	-	17,619
Due to other funds	-	140,385	-	140,385
Liabilities payable from restricted assets	25,000	-	-	25,000
Bonds payable - current	73,000	-	-	73,000
Total current liabilities	149,309	152,148	10,477	311,934
Noncurrent liabilities				
Revenue bonds payable	4,640,000	-	-	4,640,000
Total noncurrent liabilities	4,640,000	-	-	4,640,000
Total liabilities	4,789,309	152,148	10,477	4,951,934
Net assets				
Invested in capital assets, net of related debt	6,265,519	877,439	160,621	7,303,579
Restricted for				
Debt service	273,486	-	-	273,486
Other purposes	278,331	-	-	278,331
Unrestricted	154,071	31,219	301,914	487,204
Total net assets	$ 6,971,407	$ 908,658	$ 462,535	$ 8,342,600

See accompanying notes to financial statements.

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

For the year ended September 30, 2011

	BUSINESS -TYPE ACTIVITIES/ENTERPRISE FUNDS			
		NON-MAJOR FUNDS		
	Jackson Water/Sewer	Parks and Recreation	Jackson Recycling	Total
Operating revenues				
Charges for services	$ 929,154	$ 150,897	$ 162,287	$ 1,242,338
Total operating revenues	929,154	150,897	162,287	1,242,338
Operating expenses				
Personal services	175,577	225,264	121,929	522,770
Utilities	110,808	23,950	-	134,758
Services and supplies	217,426	54,469	69,886	341,781
Repairs and maintenance	28,415	18,910	18,433	65,758
Other operating expenses	-	2,484	1,480	3,964
Depreciation	207,294	60,829	25,523	293,646
Total operating expenses	739,520	385,906	237,251	1,362,677
Net operating income (loss)	189,634	(235,009)	(74,964)	(120,339)
Nonoperating revenues (expenses)				
Interest income	11,155	10	44	11,209
Interest expense	(213,476)	-	-	(213,476)
Miscellaneous Revenue	-	100	-	100
Total nonoperating revenues (expenses)	(202,321)	110	44	(202,167)
Income (loss) before contributions and transfers	(12,687)	(234,899)	(74,920)	(322,506)
Capital contributions	18,878	135,592	-	154,470
Transfers, net	-	167,978	-	167,978
Change in net assets	6,191	68,671	(74,920)	(58)
Total net assets - beginning	6,965,216	839,987	537,455	8,342,658
Total net assets - ending	$ 6,971,407	$ 908,658	$ 462,535	$ 8,342,600

See accompanying notes to financial statements.

Jackson County, Florida
Statement of Cash Flows
Proprietary Funds

For the year ended September 30, 2011

	BUSINESS-TYPE ACTIVITIES/ENTERPRISE FUNDS			
		NON-MAJOR FUNDS		
	Jackson Water/Sewer	Parks and Recreation	Jackson Recycling	Total
Operating activities				
Receipts from customers and users	$ 1,099,742	$ 154,393	$ 136,615	$ 1,390,750
Payments to suppliers	(541,889)	(102,978)	(88,033)	(732,900)
Payments to employees	(175,577)	(225,264)	(121,929)	(522,770)
Net cash provided (used) by operating activities	382,276	(173,849)	(73,347)	135,080
Noncapital financing activities				
Transfers to/from other funds	-	167,978	-	167,978
Advance from/to other funds	(227,146)	(67,555)	7,128	(287,573)
Net cash provided (used) by noncapital financing activities	(227,146)	100,423	7,128	(119,595)
Capital and related financing activities				
Capital contributions	18,878	135,592	-	154,470
Purchase of capital assets	(123,497)	(143,992)	-	(267,489)
Principal payments on capital debt	(49,000)	-	-	(49,000)
Interest payments on capital debt	(213,662)	-	-	(213,662)
Other receipts	-	100	-	100
Net cash (used) provided by capital and related financing activities	(367,281)	(8,300)	-	(375,581)
Investing activities				
Interest and dividends	11,155	10	44	11,209
Net cash provided by investing activities	11,155	10	44	11,209
Net increase (decrease) in cash and cash equivalents	(200,996)	(81,716)	(66,175)	(348,887)
Cash - beginning of the year	897,478	121,702	345,332	1,364,512
Cash - ending of the year	$ 696,482	$ 39,986	$ 279,157	$ 1,015,625
Reconciliation of net operating income to net cash (used) provided by operating activities				
Net operating income (loss)	$ 189,634	$ (235,009)	$ (74,964)	$ (120,339)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	207,294	60,829	25,523	293,646
(Increase) decrease in accounts receivable	(10,552)	3,496	(25,672)	(32,728)
(Increase) decrease in due from other governments	178,693	-	-	178,693
(Increase) decrease in prepaid expenses	-	21	-	21
(Increase) decrease in deposits	2,447	-	-	2,447
Increase (decrease) in accounts payable	(185,240)	(3,186)	1,766	(186,660)
Net cash provided (used) by operating activities	$ 382,276	$ (173,849)	$ (73,347)	$ 135,080

See accompanying notes to financial statements.

Jackson County, Florida
Statement of Fiduciary Net Assets
Agency Funds

September 30, 2011

		Agency Funds
Assets		
Cash and cash equivalents	$	1,034,704
Due from other governmental units		40
Total assets	$	1,034,744
Liabilities		
Due to others	$	321,373
Due to other funds		5,462
Due to other governments		707,909
Total liabilities	$	1,034,744

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the notes is organized to provide explanations, including required disclosures, of the County's financial activities for the fiscal year ended September 30, 2011.

Reporting Entity

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-wide and Fund Financial Statements

The basic financial statements consist of the government-wide financial statements and fund financial statements. The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the County, as a whole, excluding fiduciary activities. For the most part, the effect of inter-fund activity has been removed from these statements. Individual funds are not displayed but the statement distinguishes governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are classified into three categories: charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to direct recovery from customers for services rendered. Grants and contributions refer to revenues restricted for specific programs whose use may be restricted further to operational or capital items. The general revenues section displays revenue collected that helps support all functions of government and contributes to the change in the net assets for the fiscal year.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

The County reports the following major governmental funds:

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The County reports the following major proprietary fund:

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

The County also reports the following fund type:

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

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

The budgetary information presented for the general fund and any major special revenue funds is prepared on the modified accrual basis. Encumbrances are not recorded. Unexpended items at year-end must be reappropriated in the subsequent year.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Cash and Cash Equivalents
Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Short-term investments also include amounts placed with the State Board of Administration for participation in the Local Government Surplus Funds Trust Fund investment pools created by Sections 218.405 and 218.417, Florida Statutes.

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

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

Interfund Balances
Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.”

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Expenses

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

Capital Assets

The County's capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, right of ways, stormwater system, sidewalks, and similar items), are reported in the capital asset accounts of the County. Property and equipment with initial, individual costs that exceed $5,000 and an estimated useful life in excess of one year are recorded as capital assets. Buildings, roads, bridges, and sidewalks are capitalized when their initial costs exceed $5,000 and possess estimated useful lives of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are expensed as incurred. Capital assets purchased by the Clerk of Circuit Court, Property Appraiser, Supervisor of Elections, and Tax Collector are accounted for within the Board of County Commissioner's capital assets. The Sheriff maintains its own property records.

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

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

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

Deferred Revenues

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

Accumulated Compensated Absences

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Net Assets
For the year ending September 30, 2011, the County reports net assets as restricted or unrestricted. Restricted net assets have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net assets are comprised of all other balances, including committed, assigned and unassigned.

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

Management Estimates and Assumptions
The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events
The County has evaluated subsequent events through the date of the Independent Auditors' Report.

NOTE 2 - PROPERTY TAXES

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the Property Appraiser and Tax Collector. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. Florida Statutes permit counties to levy property taxes at a rate of up to 10 mills for general operations. The 2011 millage rate assessed by the County was 7.1223 mills.

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

NOTE 2 - PROPERTY TAXES (CONTINUED)

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

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

On or prior to June 1, following the tax year, tax certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold tax certificates are held by the County.

NOTE 3 - DEPOSITS AND INVESTMENTS

At year end, the carrying amount of the County's deposits was $28,406,500 and the bank balance was $32,513,459. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

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

The County invested funds in the Florida State Board of Administration Local Governments Surplus Funds Investment Pool. At September 30, 2011, the market value and the carrying value of these funds was $7,009,630. The funds are carried as a cash equivalent on the balance sheet at September 30, 2011 (See Note 1 for definition of cash equivalents) and are included in carrying value and bank balance in the first paragraph of this note.

The County’s investments in the Local Government Surplus Funds Trust Fund (Florida PRIME), which the State Board of Administration indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of September 30, 2011, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which is amortized cost.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

The State Board of Administration's interpretation in regards to the County's investments in Fund B is that it does not meet the requirement of a SEC 2a-7-like fund; therefore, the State Board of Administration is providing a Fair Value factor (i.e. total net asset value of Fund B divided by total participant balances of Fund B) for September 30, 2011. The Fair Value factor for Fund B for September 30, 2011, is .7568386.

As of September 30, 2011, the County had $6,821,270 and $188,360 invested in Florida PRIME and Fund B, respectively. Additional information and investment policies regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration at www.sbafla.com/prime.

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, 2011, the County's investment in the Florida PRIME is rated by Standard and Poors and the current rating is AAAm. The Fund B Surplus Funds Trust Fund is not rated by any nationally recognized statistical rating agency.

Interest Rate Risk
The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2011, is 38 days. Next interest rate reset for floating rate securities are used in the calculation of the WAM. The weighted average life (based on expected future cash flows) of Fund B at September 30, 2011, is estimated at 4.82 years. However, because Fund B consists of restructured or defaulted securities, there is considerable uncertainty regarding the weighted average life.

Custodial Credit Risk
At September 30, 2011, 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, 2011, the County did not hold any investments that were considered to have a concentration of credit risk.

NOTE 4 - RESTRICTED ASSETS

The General Fund's cash is restricted as follows:

	Amount
Landfill closure escrow account	$ 94,893
Technology Escrow	224,579
Sick leave buy back program	271,088
Total	$ 590,560

The Transportation Trust Fund's cash is restricted for the sick leave buy back program in the amount of $218,766.

The Gas Tax Bond Series Fund's cash is restricted for road projects in the amount of $7,091,320.

The Nonmajor Governmental funds' cash is restricted for the debt service in the amount of $100,775.

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

	Amount
Debt service	$ 291,105
Investment extension and improvements	303,331
Total	$ 594,436

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable of the Fire/Rescue Department is accounted for in the County's General Fund. Accounts receivable in the Fire/Rescue Department totaled $1,019,987 and are shown net of the allowance for doubtful accounts and contractual adjustments of $765,386. This allowance represents an uncollected billing ratio based on past history of collections and aged accounts receivable listings.

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

NOTE 6 - INTERFUND BALANCES

Balances due to/from other funds at September 30, 2011 are as follows:

Due to/from Other Funds:

Receivable Fund	**Payable Fund**		
General fund	Fines and Forfeiture	$	458,972
	Transportation Trust		2,679
	Nonmajor governmental funds:		
	Other special revenue funds		205,341
	Proprietary funds:		
	Parks and Recreation		140,385
	Agency funds		5,462
Fine and Forfeitures	General fund		57,246
Transportation Trust	Local Option Gas Tax		72,737
	General fund		245
Local Option Gas Tax	Transportation Trust		245
	General fund		193,920
Road Construction	Transportation		459,766
Nonmajor governmental funds	General fund		6,683
	Road construction		110,327
	Other special revenue funds		7,884
Subtotal			1,721,892
Proprietary Funds	General fund		137,978
Total		$	1,859,870

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

NOTE 6 - INTERFUND BALANCES (CONTINUED)

Interfund transfers for the year ended September 30, 2011, consisted of the following:

Transfers to General Fund from:		
Fines and Forfeiture	$ 4,567,625	
Nonmajor Governmental fund	1,500,000	
Total		$ 6,067,625
Transfers to Fines and Forfeiture from:		
General Fund	$ 57,246	
Nonmajor Governmental fund	229,808	
Total		287,054
Transfers to Transportation Trust from:		
Local Option Gas Tax	$ 3,022,737	
Nonmajor Governmental funds	81,512	
Total		3,104,249
Transfers to Local Option Gas Tax from:		
General fund		1,522,149
Transfers to Road Construction from:		
Transportation Trust	$ 459,766	
Nonmajor Governmental funds	1,000,000	
Total		1,459,766
Transfers to Nonmajor Governmental Funds from:		
General fund	$ 253,751	
Road Construction	110,327	
Nonmajor Governmental funds	69,533	
Total		433,611
Subtotal		12,874,454
Transfers to Proprietary funds from:		
General fund		167,978
Total interfund transfers		$ 13,042,432

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

NOTE 7 - DUE FROM OTHER GOVERNMENTS

Due from other governments consists of funds earned as of September 30, 2011, but not yet received by the County. The majority of these amounts were received in October and November 2011.

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2011, was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	$ 2,072,421	$ 277,651	$ -	$ 2,350,072
Construction in progress	2,419,525	4,523,337	4,499,596	2,443,266
Total capital assets, not being depreciated	4,491,946	4,800,988	4,499,596	4,793,338
Capital assets, being depreciated:				
Buildings and improvements	17,151,747	13,415,375	-	30,567,122
Equipment	17,519,100	759,347	656,724	17,621,723
Roads	28,499,939	6,665,473	-	35,165,412
Infrastructure - Sidewalks	272,305	827,407	-	1,099,712
Total capital assets, being depreciated	63,443,091	21,667,602	656,724	84,453,969
Less: Total accumulated depreciation	31,302,989	3,290,634	656,724	33,936,899
Total capital assets, being depreciated, net	32,140,102	18,376,968	-	50,517,070
Governmental activities capital assets, net	$ 36,632,048	$ 23,177,956	$ 4,499,596	$ 55,310,408

NOTE 8 - CAPITAL ASSETS (CONTINUED)

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 21,145	$ -	$ -	$ 21,145
Construction in progress	2,968,352	82,121	3,050,473	-
Total capital assets, not being depreciated	2,989,497	82,121	3,050,473	21,145
Capital assets, being depreciated:				
Equipment	11,648,410	3,235,841	-	14,884,251
Total capital assets, being depreciated	11,648,410	3,235,841	-	14,884,251
Less: Total accumulated depreciation	2,595,171	293,646	-	2,888,817
Total capital assets, being depreciated, net	9,053,239	2,942,195	-	11,995,434
Business-type activities capital assets, net	$ 12,042,736	$ 3,024,316	$ 3,050,473	$ 12,016,579

Depreciation expense was charged to functions as follows:

Governmental activities	
General government	$ 178,407
Public safety	646,705
Transportation	1,774,896
Economic environment	76,312
Culture and recreation	137,936
Human services	442,546
Court related	33,832
Total depreciation expense-governmental activities	$ 3,290,634

NOTE 8 - CAPITAL ASSETS (CONTINUED)

Business-type activities	
Water and sewer	$ 207,294
Recycling	25,523
Parks and recreation	60,829
Total depreciation expense-business-type activities	$ 293,646

NOTE 9 - LONG-TERM LIABILITIES

Long-term debt activity for the year ended September 30, 2011, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Revenue bonds	$ 503,000	$ 9,557,000	$ 929,350	$ 9,130,650	$ 875,862
Notes payable	90,351	-	90,351	-	-
Compensated absences	1,215,350	85,475	-	1,300,825	-
Landfill closure and post-closure costs	292,161	-	-	292,161	83,581
Total governmental activities:	2,100,862	9,642,475	1,019,701	10,723,636	959,443
Business-type activities:					
Revenue bonds	4,762,000	-	49,000	4,713,000	73,000
Total	$ 6,862,862	$ 9,642,475	$ 1,068,701	$ 15,436,636	$ 1,032,443

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

Debt service requirements on long-term debt at September 30, 2011 are as follows:

	GOVERNMENTAL ACTIVITIES	
	REVENUE BONDS	
FISCAL YEAR ENDING SEPTEMBER 30,	PRINCIPAL	INTEREST
2012	$ 875,862	$ 320,891
2013	907,677	289,076
2014	940,647	256,106
2015	974,815	221,938
2016	1,010,225	186,528
2017-2020	4,421,424	365,587
Total	$ 9,130,650	$ 1,640,126

NOTE 9 - LONG-TERM LIABILITIES - CONTINUED

FISCAL YEAR ENDING SEPTEMBER 30,	BUSINESS-TYPE ACTIVITIES REVENUE BONDS PRINCIPAL	INTEREST
2012	$ 73,000	$ 211,425
2013	77,000	208,130
2014	80,000	204,656
2015	84,000	201,048
2016	87,000	197,256
2017-2021	497,000	923,779
2022-2026	619,000	801,115
2027-2031	773,000	648,018
2032-2036	963,000	456,976
2037-2041	740,000	236,120
2042-2046	427,000	121,756
2047-2051	293,000	25,550
Total	$ 4,713,000	$ 4,235,829

Governmental Activities

Revenue Bonds

$10,080,000, Gas Tax Revenue Bonds, Series 2010, payable in semi-annual installments of $426,350 to $587,796 through 2020, interest at 3.6%. Collateralized by pledged revenue generated from certain gas tax revenues.	$ 9,130,650
Total revenue bonds	$ 9,130,650

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Business-type activities

Revenue Bonds

$1,500,000, Water and Sewer Revenue Bonds, Series 1999B, payable in annual installments of $65,625 to $82,188 through 2039, interest at 4.375%. Collateralized by pledged revenue derived from the operation of the system.	$	1,304,000
$2,014,000, Water and Sewer Revenue Bonds, Series 2009, payable in annual installments of $22,000 to $101,000 through 2049, interest at 4.375%. Collateralized by pledged revenue derived from the operation of the system.		2,014,000
$1,618,000, Water and Sewer Revenue Bonds, Series 1999A, payable in annual installments of $76,855 to $90,085 through 2038, interest at 4.750%. Collateralized by pledged revenue derived from the operation of the system.		1,395,000
Total revenue bonds	$	4,713,000

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

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

NOTE 10 - RISK MANAGEMENT

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

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

NOTE 10 - RISK MANAGEMENT - CONTINUED

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

General liability
Automobiles
Money and securities coverage

The Sheriff provides for workers' compensation coverage through the Board. A separate insurance policy is carried for the aircraft.

In addition, the Sheriff participates in the Florida Self-Insurance Fund for risks related to professional liability and public officials' coverage. The funding agreement provides that the liability fund will be self-sustaining through member premiums and that it will reinsure through commercial companies. Aggregate coverage provided by the liability fund is $3,500,000 for professional liability and $3,500,000 for public officials' coverage.

NOTE 11 - EMPLOYEE BENEFITS

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

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

NOTE 11 - EMPLOYEE BENEFITS - Continued

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

	10/01/10 Through 6/30/11	7/01/11 Through 9/30/11
Regular employees	10.77%	4.91%
Senior management	14.57%	6.27%
Elected county officials' class	18.64%	11.14%
Special risk employees	23.25%	14.10%
DROP plan participants	12.25%	4.42%

For the period October 01, 2010 through September 30, 2011, the total payroll for all employees and the retirement contributions for all employees covered by FRS were as follows:

	Payroll Expense	Retirement Contributions
Board of County Commissioners	$ 7,782,043	$ 1,026,739
Clerk of the Circuit Court	1,288,360	134,887
Sheriff	2,844,836	486,974
Property Appraiser	566,871	57,719
Tax Collector	631,568	64,443
Supervisor of Elections	211,103	27,688
Total	$ 13,324,781	$ 1,798,450

The County's contributions to the Plan for the years ended September 30, 2011, 2010 and 2009 were $1,798,450, $1,883,903 and $1,850,217 respectively, which equal the required contributions. For the year ended September 30, 2011 retirement contributions represent 13.50% of County's total covered payroll.

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

NOTE 12 - GRANTS

The County participates in several state and federal grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended September 30, 2011, 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 13 - FUND BALANCE

Spendable fund balances are classified based on a hierarchy of the County's ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ending September 30, 2011, the County reports net assets as restricted. Restricted net assets have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Committed net assets have amounts constrained by a specific purpose by the Board of County Commissioners. Assigned net assets have constraints placed on the use of resources by the County's intent to use the resources for specific purposes. Unassigned fund balances have not been restricted, committed or assigned to specific purposes within the general fund.

Restricted Fund Balance:

Funds	**Purpose**		
General Fund	Funding for:		
	Building Department	$ 328,033	
	Landfill	94,893	
	Tax Deeds	74,443	
	Total general fund		$ 497,369
Special Revenue Fund			
	Funding for:		
	Gas Tax Bonds Series 2010		5,945,429
	Nonmajor governmental funds		
	Courts facility fund	$ 1,301,116	
	Contraband forfeitures	375,413	
	Additional court costs	289,920	
	Local Law Enforcement	270,969	
	Inmate Welfare Fund	236,275	
	Crime prevention	96,249	
	Court construction improvement	54,275	
	Court related operational needs	53,580	
	Anti-drug abuse	30,385	
	Court related technology	27,999	
	Law Library	25,592	
	Drug Court	22,276	
	Modernization of public records	10,463	
	Contraband forfeitures	6,016	
	Total nonmajor governmental funds		2,800,528
	Total restricted fund balance		$ 9,243,326

NOTE 13 - FUND EQUITY (CONTINUED)

Committed Fund Balance

Funds	Purpose		
General Fund	Funding for:		
	Sick Leave		$ 272,462
Special Revenue Fund			
	Funding for:		
	Transportation Trust		219,864
	Nonmajor governmental funds		
	Compass Lake MSTU	$ 439,895	
	Jackson County Economic Recovery	82,884	
	West Jackson County Dev. Authority	219,047	
	Total nonmajor governmental funds		741,826
	Total committed fund balance		$ 1,234,152

Assigned Fund Balance

Funds	Purpose		
General Fund	Funding for:		
	Technology Escrow	$ 224,578	
	Administration Building Fund	1,214,577	
	Total general fund		$ 1,439,155
Special Revenue Fund	Funding for:		
	Fines and Forfeitures		198,916
	Transportation Trust		447,102
	Local Option Gas Tax		4,118,853
	Road Construction		786,038
	Nonmajor governmental funds		
	Utility Fee Fund	$ 2,600,620	
	JCDC Tax	1,384,575	
	Jackson County Ag Complex	128,642	
	Other Debt Service	100,751	
	E911	96,883	
	Sheriff Aviation Fund	1,090	
	Emergency Management Grant	1,000	
	Solid Waste Recycling Grant	404	
	EOC Debt Service	24	
	Total nonmajor governmental funds		4,313,989
	Total assigned fund balance		$ 11,304,053

NOTE 14 - LITIGATION AND CONTINGENT LIABILITIES

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

NOTE 15 - RECLASSIFICATION

Certain 2010 amounts have been reclassified to conform with 2011 classifications. Such reclassification had no effect on reported net income.

NOTE 16 - LANDFILL CLOSURE/LONG-TERM CARE ESCROW

The County maintains a landfill management escrow account, as required by law, to ensure the availability of financial resources for closing the landfill. The County records the landfill closure/long-term care escrow as a reserved portion of the general fund's fund balance. The escrow balance at September 30, 2011, was $94,893.

The County has adopted GASB Statement No. 18, which requires recognition of landfill post-closure care costs in the Board's long-term debt. State and federal laws and regulations require the County to perform certain maintenance and monitoring functions after closure. At September 30, 2011, the amount of $292,161 in long-term debt recognizes the remaining two years of long-term care period. The above estimate is based on current prices, actual costs may be higher due to inflation, changes in technology, or changes in regulations. See Note 17 for additional disclosures about the potential additional liability due to contamination at the East Landfill.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

Contractual Commitments

At September 30, 2011, the County had contractual commitments for construction projects, equipment purchases and leases in excess of amounts recognized in the financial statements.

Balances remaining on uncompleted construction contracts at September 30, 2011:

White Tail Drive	$	158,942
SCRAP – Butler Road	$	382,530
Butler Road	$	897,067
Grove Road	$	92,912
Ford Road	$	94,802
Pike Pond Road	$	264,685
Small County Outreach Program – State Correctional Road	$	442,882

Workers Compensation Cases

There are two workers compensation cases outstanding at year end that are associated with the Governmental Risk Insurance Trust (GRIT). The future medical costs of these claims are estimated to be $225,524 and $93,330 over ten years.

NOTE 17 - COMMITMENTS AND CONTINGENCIES - Continued

Emergency Management Center

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

Jackson County East Landfill—Remedial Action Plan

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

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

Medicaid Liability – The Agency for Healthcare Administration (AHCA) is in the process of certifying contested Medicaid billings for hospital and nursing home services for all Florida counties for the past ten years. The Medicaid liability for Jackson County has not been finalized but is not expected to exceed $685,000. Upon final determination of the liability, repayment will be made over a period of four years in varying monthly installments.

NOTE 18 - SUBSEQUENT EVENTS

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

Subsequent to year end, the County has entered into contracts for various construction projects totaling in excess of $9 million.

NOTE 18 - SUBSEQUENT EVENTS - Continued

Courthouse Renovations Project

Subsequent to year end, the County approved the proposal for the Courthouse Renovations Project from Ajax Construction in the amount of $1,917,000.

Purchase 2863 Green Street & Capital Revenue Note, Series 2012

Subsequent to year end, the County purchased the building located at 2863 Green Street in Marianna currently used to house the State Attorney's Office and the E911 Office. The building was purchased for $925,000 with a down payment of $425,000 using Administration building funds and borrowed $500,000. The County signed a 10 year note with a fixed interest rate of 2.04%, with no repayment penalty and closing cost of $4,000 with Hancock Bank. The County will pledge non-ad valorem revenue with the rental payments.

Equipment Purchases

Subsequent to year end, the County purchased three dump trucks for the Road Department in the amount of $187,500. Subsequent to year end, the County purchased two new ambulances for Fire and Rescue in the amount of $268,400. Subsequent to year end, the County approved the CenturyLink contract for the E911 NextGen system upgrade in the amount of $320,659.

NOTE 19 - BUDGET

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

NOTE 20 - COOPERATIVE AGREEMENT

The Clerk has a Cooperative Agreement with the Florida Department of Revenue. This agreement encompasses all the Clerk's child support functions. It allows for indirect cost reimbursement. The Clerk uses an established indirect cost rate to invoice the Department of Revenue each month. These amounts are federal funds received under CFDA #93.563. The net amount received was $98,806.

NOTE 21 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION

Plan Description – The Jackson County Board of County Commissioners (the "Board") administers a single-employer defined benefit healthcare plan (the "Plan"). In accordance with Section 112.0801 of the Florida Statutes, because Jackson County provides a medical plan to active employees of the County and their eligible dependents, the Board is also required to provide retirees with the opportunity to participate in this Plan. The Plan provides healthcare benefits including medical coverage and life insurance coverage to both active and eligible retired employees. The Plan does not issue a publicly available financial report.

Eligibility for participation in the Plan is limited to full-time employees of the Board and the Constitutional officers. For regular, senior management service and elected officials, participants are eligible for normal retirement upon attaining the earlier of 1) six years of service and age 62 or 2) 30 years of service regardless of age. For Special Risk, participants are eligible for normal retirement upon attaining the earlier of 1) six years of special risk service and age 55 or 2) 25 total years of service consisting both of special risk service up to four years of military service and age 52 or 3) 25 total years of special risk service, regardless of age or 4) 30 years of any credible service, regardless of age.

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

Membership – At September 30, 2011, there were no terminated employees entitled to benefits but not yet receiving them. The membership of the Plan consisted of:

Active employees	345
Retirees and beneficiaries currently receiving benefits	38
Total membership	383

Participating employers	1

Funding Policy – A qualifying trust or agency fund has not been authorized by the Board. The Board negotiates the premium rates with BCBSFL. The required contribution is based on pay-as-you-go financing requirements. Retirees and beneficiaries currently receiving benefits are required to contribute 100% of their current premium costs, which for fiscal year 2011 was $140,650. The Board contributes the remainder to cover the costs of providing the benefits to the retirees.

NOTE 21 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION (CONTINUED)

Annual OPEB and Net OPEB Obligation – The Board's annual other post employment benefit (OPEB) cost (expenses) is calculated based on the annual required contribution of the employer (the "ARC") actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a closed period not to exceed 15 years. The following shows the components of the Board's net OPEB obligation:

September 30,		2011
Annual required contribution	$	426,000
Interest on prior year net OPEB obligation		17,000
Adjustments to annual required contribution		(33,000)
Annual OPEB costs		410,000
Estimated employer contribution made		(172,000)
Increase (decrease) in net OPEB obligation		238,000
Net OPEB obligation, beginning of year		434,000
Estimated net OPEB obligation, end of year	$	672,000

The County has chosen to apply GASB No. 45 requirements prospectively in this transition year. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2011 and the prior two (2) years were as follows:

Fiscal Year Ended	Annual OPEB Costs	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/09	$289,000	19.4%	$56,000
9/30/10	$321,000	34.9%	$112,000
9/30/11	$410,000	42.0%	$172,000

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

Funded Status and Funding Progress – As of September 30, 2011, the actuarial accrued liability of $3,037,000 was unfunded. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the ARC's of employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements in the government-wide financial statements of Jackson County, Florida, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Method and Assumptions – The valuation dated October 1, 2010, for the fiscal date of October 1, 2010 to September 30, 2012, was prepared using generally accepted accrual principles and practices, and relied on unaudited census date and medical claims data reported by the Board. Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used included techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the September 30, 2011 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumption included a 4.0% investment rate of return. The Unfunded Actuarial Accrued Liability (UAAL) is being amortized over 15 years assuming 5 annual level payments. The remaining amortization period at September 30, 2011 was 15 years.

Post Employment Benefits Plan Schedule of Funding Progress –

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liabilities (AAL)	Unfunded Actuarial Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Of Covered Payroll
10/01/2008	$ -	$2,106,000	$ 2,106,000	0.00%	N/A	N/A
10/01/2010	$ -	3,037,000	$ 3,037,000	0.00%	N/A	N/A

NOTE 22 - OPERATING LEASES

The Tax Collector leases various buildings under operating leases with yearly lease terms. Rental expense under operating leases for the year ended September 30, 2011 was $20,040.

Minimum future lease payments under operating leases as of September 30, 2011 and for each year until expiration are:

2012	$	14,415
2013		12,540
2014		12,540
2015		12,540
2016		12,540
Total minimum future lease payments	$	64,575

NOTE 23 - DEFICIT FUND BALANCES

The County had one non-major special revenue fund with a deficit fund balance as of September 30, 2011 as follows:

Funds	Amount	
Emergency Operations Center	$	(714)

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

Supplementary Information

Jackson County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds

September 30, 2011

	Special Revenue Funds						
	Utility Fee	E911	Local Housing Assistance Trust (SHIP)	Courthouse Facility Fund	Jackson County Tourist Development Tax	CDBG OONR	Emergency Operations Center
Assets							
Cash and cash equivalents	$ 2,232,728	$ 499,959	$ 523,988	$ 1,278,584	$ 1,330,665	$ -	$ 25,800
Restricted cash and cash equivalents	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Due from other funds	-	-	-	23	-	-	-
Due from other governmental units	367,892	18,428	-	22,509	56,885	-	-
Total assets	$ 2,600,620	$ 518,387	$ 523,988	$ 1,301,116	$ 1,387,550	$ -	$ 25,800
Liabilities							
Vouchers payable	$ -	$ 22,689	$ 20,239	$ -	$ 2,975	$ -	$ -
Due to other funds	-	2,808	-	-	-	-	26,512
Due to other governmental units	-	-	-	-	-	-	-
Deferred revenue	-	396,007	503,749	-	-	-	-
Total liabilities	-	421,504	523,988	-	2,975	-	26,512
Fund balances							
Restricted	-	-	-	1,301,116	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	2,600,620	96,883	-	-	1,384,575	-	-
Unassigned	-	-	-	-	-	-	(712)
Total fund balances	2,600,620	96,883	-	1,301,116	1,384,575	-	(712)
Total liabilities and fund balances	$ 2,600,620	$ 518,387	$ 523,988	$ 1,301,116	$ 1,387,550	$ -	$ 25,800

Jackson County, Florida
Combining Balance Sheet
Nonmajor Governmental Funds

September 30, 2011

	Special Revenue Funds					Debt Service Fund		
	MSTU	Inmate Welfare Fund	Sheriff Contraband Fund	USDA White Drive	Other Special Revenue Funds	EOC Debt Service	Other Debt Service Funds	Total Non-Major Governmental Funds
Assets								
Cash and cash equivalents	$ 245,741	$ 237,332	$ 375,413	$ 949	$ 1,493,298	$ -	$ -	$ 8,244,457
Restricted cash and cash equivalents	-	-	-	-	-	24	100,751	100,775
Accounts receivable	199,154	10,898	-	-	31,305	-	-	241,357
Due from other funds	-	-	-	110,327	14,544	-	-	124,894
Due from other governmental units	-	-	-	39,881	89,659	-	-	595,254
Total assets	$ 444,895	$ 248,230	$ 375,413	$ 151,157	$ 1,628,806	$ 24	$ 100,751	$ 9,306,737
Liabilities								
Vouchers payable	$ 5,000	$ -	$ -	$ 78,157	$ 121,553	$ -	$ -	$ 250,613
Due to other funds	-	11,955	-	73,000	98,950	-	-	213,225
Deferred revenue	-	-	-	-	87,514	-	-	987,270
Total liabilities	5,000	11,955	-	151,157	308,017	-	-	1,451,108
Fund balances								
Restricted	-	236,275	375,413	-	887,724	-	-	2,800,528
Committed	439,895	-	-	-	301,931	-	-	741,826
Assigned	-	-	-	-	131,136	24	100,751	4,313,989
Unassigned	-	-	-	-	(2)	-	-	(714)
Total fund balances	439,895	236,275	375,413	-	1,320,789	24	100,751	7,855,629
Total liabilities and fund balances	$ 444,895	$ 248,230	$ 375,413	$ 151,157	$ 1,628,806	$ 24	$ 100,751	$ 9,306,737

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

For the year ended September 30, 2011

	Special Revenue Funds						
	Utility Fee	E911	Local Housing Assistance Trust (SHIP)	Courthouse Facility Fund	Jackson County Tourist Development Tax	CDBG OONR	Emergency Operations Center
Revenues							
Taxes	$ 3,079,302	$ -	$ -	$ -	$ 292,346	$ -	$ -
Charges for services	-	186,737	-	290,279	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Grants	-	25,367	317,885	-	-	78,543	-
Investment earnings	131	1,654	45	574	4,370	-	-
Other fees and miscellaneous revenues	9,023	2,519	51,562	-	15,550	-	-
Total revenues	3,088,456	216,277	369,492	290,853	312,266	78,543	-
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Public health and safety	-	265,231	-	-	-	-	712
Physical environment	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	78,543	-
Economic environment	-	-	369,492	-	99,806	-	-
Human services	-	-	-	-	-	-	-
Culture/recreation	-	-	-	-	-	-	-
Court related	-	-	-	265	-	-	-
Capital outlay	-	-	-	11,350	-	-	-
Total expenditures	-	265,231	369,492	11,615	99,806	78,543	712
Excess (deficiency) of revenues over (under) expenditures	3,088,456	(48,954)	-	279,238	212,460	-	(712)
Other financing sources (uses)							
Transfers in	-	49,192	-	-	-	-	-
Transfers out	(2,500,000)	-	-	-	-	-	-
Net other financing sources (uses)	(2,500,000)	49,192	-	-	-	-	-
Net change in fund balances	588,456	238	-	279,238	212,460	-	(712)
Fund balances - beginning	2,012,164	96,645	-	1,021,878	1,172,115	-	-
Fund balances - ending	$ 2,600,620	$ 96,883	$ -	$ 1,301,116	$ 1,384,575	$ -	$ (712)

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

For the year ended September 30, 2011

	Special Revenue Funds					Debt Service Funds		
	MSTU	Inmate Welfare Fund	Sheriff Contraband Fund	USDA White Drive	Other Special Revenue Funds	EOC Debt Service	Other Debt Service Funds	Total Non-Major Governmental Funds
Revenues								
Taxes	$ 891,001	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,262,649
Charges for services	-	89,829	-	-	215,157	-	-	782,002
Fines and forfeitures	-	-	128,753	-	146,637	-	-	275,390
Grants	-	-	-	39,881	611,534	-	-	1,073,210
Investment earnings	114	45	1,980	-	2,585	24	530	12,052
Other fees and miscellaneous revenues	-	1,447	-	-	193,957	-	-	274,058
Total revenues	891,115	91,321	130,733	39,881	1,169,870	24	530	6,679,361
Expenditures								
Current:								
General government	151,451	-	-	-	84,717	-	24	236,192
Public health and safety	101,847	84,194	10,821	-	402,446	-	-	865,251
Physical environment	-	-	-	-	73,739	-	-	73,739
Transportation	230,940	-	-	-	-	-	-	309,483
Economic environment	-	-	-	-	2,935	-	-	472,233
Human service	-	-	-	-	42,428	-	-	42,428
Culture/recreation	210,306	-	-	-	370,448	-	-	580,754
Court related	-	-	-	-	242,219	-	-	242,484
Capital outlay	28,303	-	24,000	150,208	106,862	-	-	320,723
Total expenditures	722,847	84,194	34,821	150,208	1,325,794	-	24	3,143,287
Excess (deficiency) of revenues over (under) expenditures	168,268	7,127	95,912	(110,327)	(155,924)	24	506	3,536,074
Other financing sources (uses)								
Transfers in	-	-	-	110,327	274,092	-	-	433,611
Transfers out	-	(48,013)	(181,795)	-	(151,045)	-	-	(2,880,853)
Net other financing sources (uses)	-	(48,013)	(181,795)	110,327	123,047	-	-	(2,447,242)
Net change in fund balances	168,268	(40,886)	(85,883)	-	(32,877)	24	506	1,088,832
Fund balances - beginning	271,627	277,161	461,296	-	1,353,666	-	100,245	6,766,797
Fund balances - ending	$ 439,895	$ 236,275	$ 375,413	$ -	$ 1,320,789	$ 24	$ 100,751	$ 7,855,629

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

September 30, 2011

	Clerk of the Circuit Court						
	Fine and Forfeiture	**Jury and Witness**	**Tax Deeds**	**Cash Bonds**	**Registry**	**Intangible Tax Fund**	**Documentary Stamp Fund**
Assets							
Cash and cash equivalents	$ 551	$ 13,478	$ 81,548	$ 50,909	$ 59,226	$ 867	$ 4,595
Due from other governmental units	-	-	40	-	-	-	-
Total assets	$ 551	$ 13,478	$ 81,588	$ 50,909	$ 59,226	$ 867	$ 4,595
Liabilities							
Due to others	$ 551	$ 13,478	$ 81,588	$ 50,909	$ 59,226	$ -	$ -
Due to other funds	-	-	-	-	-	867	4,595
Due to other governments	-	-	-	-	-	-	-
Total liabilities	$ 551	$ 13,478	$ 81,588	$ 50,909	$ 59,226	$ 867	$ 4,595

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

September 30, 2011

	Board	*Tax Collector*				**Total**
	Inmate Welfare	**License and Boat**	**Tag**	**Tax**	**Sheriff**	**Agency Funds**
Assets						
Cash and cash equivalents	$ 73,219	$ 3,554	$ 91,201	$ 613,154	$ 42,402	$ 1,034,704
Due from other governmental units	-	-	-	-	-	40
Total assets	$ 73,219	$ 3,554	$ 91,201	$ 613,154	$ 42,402	$ 1,034,744
Liabilities						
Due to others	$ 73,219	$ -	$ -	$ -	$ 42,402	$ 321,373
Due to other funds	-	-	-	-	-	5,462
Due to other governments	-	3,554	91,201	613,154	-	707,909
Total liabilities	$ 73,219	$ 3,554	$ 91,201	$ 613,154	$ 42,402	$ 1,034,744

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

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

We have audited the financial statements of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of Jackson County, Florida (the "County") as of and for the year ended September 30, 2011, and have issued our report thereon dated June 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item, SH06-01 to be a material weakness.

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We considered the deficiencies described in the accompanying schedule of findings and questioned costs as items Board, No. 08-04, PA06-01 and TC06-01 to be significant deficiencies.

Compliance and Other Matters

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

We also noted certain other matters that we reported to the management of the County in a separate letter dated June 18, 2012.

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

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

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

June 18, 2012

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

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

Compliance

We have audited the compliance of Jackson County, Florida, Board of County Commissioners (the County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2011. Jackson County, Florida's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state projects is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2011.

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

Internal Control Over Compliance

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

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

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

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

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

June 18, 2012

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

For the year ended September 30, 2011

Federal Agency Pass through entity Federal Award Programs	CFDA Number	Contract/Grant Number	Expenditures
United States Federal Highway Administration			
Florida Department of Transportation			
Highway Planning and Construction			
ARRA - Old Spanish Trail Sidewalks	20.205	APU19	$ 140,805
ARRA - S.R. 166 Sidewalks	20.205	APK96	10,900
Total United States Federal Highway Administration			**151,705**
United States Department of Agriculture			
Wastewater Improvements	10.760	n/a	82,121
Florida Department of Agriculture & Consumer			
Rural Business Enterprise Grant (RBEG) - Whitetail Drive	10.769	00-21	39,881
Total United States Department of Agriculture			**122,002**
United States Department of Health and Human Services			
Florida Department of Revenue			
Child Support Enforecement - Title IVD	93.563	CD-332	98,806
Total United States Department of Health and Human Services			**98,806**
United States Department of Housing and Urban Development			
Florida Department of Community Affairs			
Community Development Block Grants/State's Program			
Economic Development-Springs	14.228	09-DB-T3-02-41-01-E07	78,543
Total United States Department of Housing and Urban Development			**78,543**
United States Department of Justice			
Florida Department of Law enforcement			
Byrne Formal Grant Program			
ARRA - Edward Byrne Memorial Justice Assistance	16.738	2009-SB-B9-1196	11,978
ARRA - Edward Byrne Memorial Justice Assistance	16.738	2009-DJ-BX-0841	12,632
ARRA - Edward Byrne Memorial Justice Assistance	16.738	2010-DJ-BX-1533	9,604
Anti-Drug Abuse Act Funds	16.738	2011-JAGC-JACK-1-B2-009	57,501
Total United States Department of Justice			**91,715**
United States Department of Homeland Security			
Florida Department of Economic Opportunity			
Homeland Security - CERT	97.067	11-CI-35-02-41-01-098	2,602
Homeland Security	97.067	10-DS-39-02-41-01-329	15,000
Emergency Management Performance Grant FY 10-11	97.042	11-FG-7W-02-41-01-051	44,188
Emergency Management Performance Grant FY 11-12	97.042	12-FG-R3-02-41-01-099	8,878
Total United States Department of Homeland Security			**70,668**
United States Department of Energy			
Florida Department of Community Affairs			
Weatherization Assistance For Low-Income Persons			
Weatherization Assistance	81.042	09WX-7W-02-41-01-012	2,875
Total United States Department of Energy			**2,875**
United States Federal Elections Administration			
Florida Department of State			
Division of Elections			
Federal Election Activities	90.xxx	n/a	2,043
Total United States Federal Elections Administration			**2,043**
Total Expenditures of Federal Awards Programs			**$ 618,357**

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

For the year ended September 30, 2011

Federal/State Agency Pass-Through Entity State Financial Assistance Projects	CSFA Number	Grant/ Contract Number	Expenditures
Florida Department of Transportation			
Public Transit Service Development Program			
Small County Outreach Program - Fillmore Rd	55.009	APN02	$ 188,549
Small County Outreach Program - Old Spanish Tr-Bridge Creek Rd	55.009	AQC98	708,503
Small County Outreach Program - State Correctional Rd	55.009	AQ583	8,032
Small County Road Assistance Program (SCRAP)-Butler Rd	55.016	AQ595	414,413
Road Beautification Assistance -SR 71 Landscape Project	55.xxx	APV37	72,999
Total Florida Department of Transportation			**1,392,496**
Florida Housing Finance Corporation			
State Housing Initiatives Partnership Program (SHIP)			
State Housing Initiatives Partnership Program (SHIP)	52.901	n/a	317,885
Total Florida Housing Finance Corporation			**317,885**
Florida Department of Environmental Protection			
Small County Grants			
Small County Solid Waste Grant	37.012	118SC	70,588
Florida Recreation Development Assistance Program (FRDAP)			
Blue Springs Park	37.017	A09070	135,592
Total Florida Department of Environmental Protection			**206,180**
Florida Department of State			
Division of Library and Information Services:			
Library Resources	45.030	11-ST-68	194,546
Total Florida Department of State			**194,546**
Florida State Court System			
County Article V Trust Fund			
Courthouse Facilities	22.004	n/a	111,086
Total Florida State Court System			**111,086**
Florida Department of Economic Opportunity			
Emergency Management Programs			
Emergency Management Programs	52.008	11-BG-05-02-41-01-151	72,489
Emergency Management Programs	52.008	12-BG-05-02-41-01-032	14,642
Florida Hazardous Materials Planning & Prevention Program	52.023	11-CP-03-02-41-01-226	3,512
Total Florida Department of Economic Opportunity			**90,643**
Florida Department of Health			
Emergency Medical Services	64.003	M0003	26,288
County Grant Awards	64.005	C0032	31,634
Total Florida Department of Health			**57,922**
Florida Department of Agriculture & Consumer Services			
Mosquito Control	42.003	16054	42,427
Total Florida Department of Agriculture & Consumer Services			**42,427**
Florida Department of Management Services			
E911 Maintenance Grant	72.001	09-03-6	12,885
E911 Traning-Conference	72.001	09-13-18	1,013
E911 Fall Grant Maintenance	72.001	11-04-08	10,574
E911 Spring Coor. Meeting	72.001	11-04-21	895
Total Florida Department of Management Services			**25,367**
Florida Department of Law Enforcement			
Drug/Control Money Laundering Investigations	71.005	109701	**8,111**
Total Florida Department of Law Enforcement			**8,111**
Total Expenditures of State Financial Assistance Projects			**$ 2,446,663**

Jackson County, Florida
Notes to Schedule of Expenditures of Federal Award Programs and State Financial Assistance Projects
For the year ended September 30, 2011

NOTE 1 - BASIS OF ACCOUNTING

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

NOTE 2 - REPORTING ENTITY

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

NOTE 3 - PASS-THROUGH AWARDS

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

Jackson County, Florida
Schedule of Findings and Questioned Costs
For the year ended September 30, 2011

A. SUMMARY OF AUDIT RESULTS

1. The Independent Auditors' Report expresses an unqualified opinion on the financial statements of Jackson County, Florida (the County).

2. Significant deficiencies disclosed during the audit of the financial statements are reported in the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*." We believe the significant deficiency listed as item SH06-01 to be a material weakness.

3. We noted no instances of noncompliance material to the financial statements of the County which were disclosed during the audit.

4. No significant deficiencies relating to the audit of the major federal award program and state financial assistance projects are reported in the Independent Auditors' Report on Compliance and Internal Control Over Compliance Applicable to Each Major Program.

5. The Independent Auditors' Report on Compliance and Internal Control over Compliance Applicable to each major federal award programs and state financial assistance projects for Jackson County, Florida expresses an unqualified opinion.

6. No audit findings relative to the major federal award programs and state financial assistance projects for Jackson County, Florida are reported in this schedule.

7. The programs/projects tested as major programs/projects included the following:

Federal Programs	**CFDA No.**
U.S. Department of Homeland Security, Federal Emergency Management Agency, Disaster Declaration	20.205
U.S. Department of Agriculture, Florida Department of Agriculture & Consumer, Wastewater Improvements	10.760

State Projects	**CSFA No.**
Florida Department of Transportation Small County Road Assistance Program	55.016
Florida Housing Finance Corporation State Housing Initiatives Partnership (SHIP) Program	52.901

A. SUMMARY OF AUDIT RESULTS (CONTINUED)

8. The threshold for distinguishing Type A and Type B programs/projects was $300,000 for major federal award programs and $300,000 for major state financial assistance projects.

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

B. FINDINGS - FINANCIAL STATEMENT AUDIT

There were no current year audit findings.

C. FINDINGS – MAJOR FEDERAL PROGRAMS AND STATE PROJECTS

There were no current year audit findings.

PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS

FINANCIAL STATEMENT AUDIT

BOARD OF COUNTY COMMISSIONERS

CAPITAL ASSET RECORDS, FINDING 08-04 – NOT RESOLVED

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

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

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

SHERIFF

SEGREGATION OF DUTIES, FINDING SH06-01 – NOT RESOLVED

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

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

STATUS: This condition continues to exist.

PROPERTY APPRAISER

SEGREGATION OF DUTIES, FINDING PA06-01 - NOT RESOLVED

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

PRIOR-YEAR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)

FINANCIAL STATEMENT AUDIT (CONTINUED)

PROPERTY APPRAISER (CONTINUED)

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

STATUS: This condition continues to exist.

TAX COLLECTOR

NEED FOR SEGREGATION OF DUTIES, FINDING TC06-01- NOT RESOLVED

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

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

STATUS: This condition continues to exist.

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INDEPENDENT AUDITORS' MANAGEMENT LETTER COMMENTS

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

We have audited the accompanying financial statements of Jackson County, Florida (the "County") as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated June 18, 2012 .

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*, Independent Auditors' Report on Compliance and Internal Control Over Compliance Applicable to Each Major Program and State Project, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated June 18, 2012, should be considered in conjunction with this management letter.

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

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

- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that Jackson County, Florida complied with Section 218.415, Florida Statutes.

- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations that improve financial management. In connection with our audit, we did not have any such recommendations.

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material, but, more than inconsequential. In connection with our audit, we did not have any such findings.

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

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

COMMENT: During the current year, a child support payment in the amount of $1,500 was receipted at the jail for an inmate purge; however, the funds went missing.

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

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

BOARD OF COUNTY COMMISSIONERS

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

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

STATUS: This item has not been corrected.

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

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

STATUS: This item has not been corrected.

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

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

STATUS: This item has not been corrected.

PRIOR YEAR FINDINGS AND RECOMMENDATIONS - CONTINUED

BOARD OF COUNTY COMMISSIONERS - CONTINUED

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

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

STATUS: This item has not been corrected.

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

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

STATUS: This item has not been corrected.

- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This item is disclosed in the notes to the Financial Statements.

- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Jackson County, Florida for the fiscal year ended September 30, 2011, 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, 2011. In connection with our audit, we determined that these two reports were in agreement.

- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

- Section 10.554(1)(i)8., Rules of the Auditor General, requires a statement as to whether or not the Clerk of Court complied with Section 28.35 and Section 28.36, Florida Statutes. In connection with our audit, we determined that the Clerk complied with such requirements.

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

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

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

June 18, 2012

BOARD of COUNTY COMMISSIONERS

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

Administration Building
2864 Madison Street
Marianna, Florida 32448-4021

State of Florida
Auditor General

We are in receipt of the audit report for the Board of County Commissioners, Jackson County, Florida, for the fiscal year ending September 30, 2011. We have reviewed the internal control and compliance letters, the schedule of findings and questioned costs and the management letter included in the report.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PRIOR YEAR FINANCIAL STATEMENT AUDIT

CAPITAL ASSET RECORDS, FINDING 08-04

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

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

MANAGEMENT LETTER COMMENTS

CURRENT YEAR FINDING

COMMENT: There was $1,500 in inmate welfare funds that was misappropriated during the current year.

RESPONSE: Staff will work to correct this finding by initiating more stringent policies for the spending of inmate welfare funds.

PRIOR YEAR FINDINGS

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

Commissioners

Dr. Willie E. Spires, District 1 | Edward E. Crutchfield, District 2 | Chuck Lockey, District 3 | Jeremy Branch, District 4 | Kenneth Stephens, District 5

Ted Lakey, County Administrator

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

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

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

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

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

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

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

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

Sincerely,

Chuck Lockey
Chairman

Sharon Cox, CFA
Jackson County Property Appraiser
Post Office Box 1526
Marianna, Florida 32447

Certified Florida Appraiser

"WE ARE HERE TO SERVE YOU"

PHONE: 850--482-9646
SUNCOM: 789-9646
FAX: 482-9036

May 24, 2012

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

To Whom It May Concern:

We are in receipt of the Jackson County Property Appraiser's audit report for the fiscal year ending September 30, 2011. In response to the internal control and compliance report the following applies:

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

Thank you for your assistance during the audit.

Sincerely,

Sharon Cox, CFA
Jackson County Property Appraiser

Appraiser's Responsibility - By state law, it is the responsibility of the Appraiser to locate, identify, and appraise, based upon current market value, all property subject to ad valorem taxes, maintain tax roll equity and process allowable exemptions. The appraiser has no jurisdiction or responsibility for area budgets, tax rates, special assessments or amounts of taxes paid. These matters are handled by the various taxing authorities performing services, such as the County Commission, City Councils, School Board and other taxing districts.

LOUIS S. ROBERTS III
Sheriff
Jackson County

AREA 850
Office: 482-9624 • Dispatch: 482-9648
Administration: 482-9664 • C.I.D.: 482-9664
FAX: 482-9017
P.O. Box 919 • Marianna, Florida 32447

June 18, 2012

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

Dear Auditor General Martin,

We have received the audit report for the Office of Sheriff, Jackson County Florida for the fiscal year ending September 30, 2011. We have reviewed the Management Letter included in the report. Concerning the items noted in the Management letter, the following response is:

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

In past years only one person held all responsibilities of the accounting and payroll for the Sheriff's Office. In 1997 we were awarded another person to segregate the duties more than in the past by the Board of Commissioners. The Sheriff has also assigned the task of approving all bills to the Major before they are paid. Both Sheriff Roberts and Major Branch receive a copy of our Budget Position Analysis each month and Major Branch reviews all bank statements. Due to budgetary decreases no new administrative staff positions are expected to be granted by the Board of Commissioners.

Sincerely,

Louis S. Roberts III, Sheriff
Jackson County Florida

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

cc: Carr, Riggs, and Ingram, LLC

Sherry A. Brown, CFC

Tax Collector, Jackson County
Certified Florida Collector

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

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

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

May 24, 2012

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

Attention: Audit Department

I am in receipt of the audit report for the Jackson County Tax Collector's Office for the fiscal year ending September 30, 2011. Concerning the current year findings and recommendations, the following applies:

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

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

Sincerely,

Sherry A. Brown

Sherry A. Brown, CFC
Jackson County Tax Collector

Jackson County, Florida
Board of County Commissioners

Special-Purpose Financial Statements

September 30, 2011

Jackson County, Florida
Board of County Commissioners
SPECIAL-PURPOSE FINANCIAL STATEMENTS
September 30, 2011

BOARD OF COUNTY COMMISSIONERS

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

CLERK OF THE CIRCUIT COURT
Dale R. Guthrie

SHERIFF
Louis S. Roberts III

TAX COLLECTOR
Sherry Brown

PROPERTY APPRAISER
Sharon Cox

SUPERVISOR OF ELECTIONS
Sylvia Stephens

COUNTY ATTORNEY
Frank Baker

AUDITOR
Carr, Riggs & Ingram, LLC

Jackson County, Florida
Board of County Commissioners
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September 30, 2011

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CRI CARR RIGGS & INGRAM

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

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P.O. Box 1606
Marianna, FL 32447

(850) 526-3207
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying special-purpose financial statements of the Jackson County, Florida, Board of County Commissioners (the "Board") as of and for the year ended September 30, 2011, as listed in the table of contents. These special-purpose financial statements are the responsibility of management of the Board. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

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

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

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and fiduciary fund type of the Board as of September 30, 2011, and the respective changes in financial position and cash flow, where applicable, thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated June 18, 2012 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

June 18, 2012

Special-Purpose Financial Statements

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

September 30, 2011

	General Fund	Fines and Forfeiture	Transportation Trust	Local Option Gas Tax	Road Construction	Gas Tax Bond Series 2010	Other Governmental Funds	Total Governmental Funds
Assets								
Cash and cash equivalents	$ 4,483,865	$ 553,391	$ 523,258	$ 3,565,172	$ 423,245	$ -	$ 7,739,009	$ 17,287,940
Restricted cash and cash equivalents	590,560	-	218,766	-	-	7,091,320	100,775	8,001,421
Accounts receivable	254,601	-	-	-	-	-	241,302	495,903
Due from other funds	807,377	-	72,982	194,165	459,766	-	124,894	1,659,184
Due from constitutional officers	168,006	57,246	-	-	-	-	-	225,252
Due from other governmental units	966,662	258,289	526,608	432,253	840,988	21,101	578,716	3,624,617
Total assets	$ 7,271,071	$ 868,926	$ 1,341,614	$ 4,191,590	$ 1,723,999	$ 7,112,421	$ 8,784,696	$ 31,294,317
Liabilities								
Accounts payable and accrued expense	$ 567,971	$ 211,038	$ 211,958	$ -	$ 753,341	$ 1,166,992	$ 250,613	$ 3,161,913
Interest payable	-	-	-	-	74,293	-	-	74,293
Due to other funds	338,826	458,972	462,690	72,737	110,327	-	213,225	1,656,777
Due to other governmental units	135,108	-	-	-	-	-	-	135,108
Deferred revenue	964,677	-	-	-	-	-	963,069	1,927,746
Total liabilities	2,006,582	670,010	674,648	72,737	937,961	1,166,992	1,426,907	6,955,837
Fund balances								
Restricted	497,369	-	-	-	-	5,945,429	2,302,688	8,745,486
Committed	272,462	-	219,864	-	-	-	741,826	1,234,152
Assigned	1,439,155	198,916	447,102	4,118,853	786,038	-	4,313,989	11,304,053
Unassigned	3,055,503	-	-	-	-	-	(714)	3,054,789
Total fund balances	5,264,489	198,916	666,966	4,118,853	786,038	5,945,429	7,357,789	24,338,480
Total liabilities and fund balances	$ 7,271,071	$ 868,926	$ 1,341,614	$ 4,191,590	$ 1,723,999	$ 7,112,421	$ 8,784,696	$ 31,294,317

See accompanying notes to financial statements.

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

For the year ended September 30, 2011

	General Fund	Fines and Forfeiture	Transportation Trust	Local Option Gas Tax	Road Construction	Gas Tax Bond Series 2010	Other Governmental Funds	Total Governmental Funds
Revenues								
Taxes	$ 4,255,418	$ 6,239,294	$ 2,897,645	$ 2,178,958	$ 527,150	$ -	$ 4,262,649	$ 20,361,114
Licenses and permits	1,337,909	-	-	-	-	-	-	1,337,909
Intergovernmental	4,911,217	322,590	24,737	-	2,042,295	-	-	7,300,839
Charges for services	2,691,362	216,878	-	-	-	-	732,285	3,640,525
Fines and forfeitures	29,060	48,561	-	-	-	-	59,540	137,161
Grants	128,688	-	-	-	1,544,201	-	973,383	2,646,272
Investment earnings	22,908	2,443	1,133	12,217	420	2,737	10,068	51,926
Other fees and miscellaneous revenues	145,527	214,513	298,000	-	43,925	650	246,855	949,470
Total revenues	13,522,089	7,044,279	3,221,515	2,191,175	4,157,991	3,387	6,284,780	36,425,216
Expenditures								
Current:								
General Government	4,787,654	-	-	-	-	-	221,012	5,008,666
Public health and safety	4,240,114	3,159,257	-	-	-	-	737,929	8,137,300
Physical environment	460,127	-	-	-	-	-	73,739	533,866
Transportation	190,218	-	5,281,277	6,210	1,978,132	-	309,483	7,765,320
Economic environment	604,864	-	-	-	-	-	472,233	1,077,097
Human services	922,686	-	-	-	-	-	42,428	965,114
Culture/recreation	383,772	-	-	-	-	-	580,754	964,526
Court related	133,404	-	-	-	-	-	127,465	260,869
Capital outlay	557,966	95,306	530,839	82,234	3,108,634	4,058,184	287,351	8,720,514
Debt service								
Principal	-	-	-	-	929,350	-	-	929,350
Interest and other charges	-	-	-	-	255,398	-	-	255,398
Total expenditures	12,280,805	3,254,563	5,812,116	88,444	6,271,514	4,058,184	2,852,394	34,618,020
Excess (deficiency) of revenues over (under) expenditures	1,241,284	3,789,716	(2,590,601)	2,102,731	(2,113,523)	(4,054,797)	3,432,386	1,807,196
Other financing sources (uses)								
Transfers in	1,500,000	229,808	3,104,249	1,522,149	1,459,766	-	433,611	8,249,583
Transfers out	(4,281,639)	(4,510,379)	(459,766)	(3,022,737)	(110,327)	-	(2,699,058)	(15,083,906)
Installment loan proceeds	-	-	-	-	-	9,557,000	-	9,557,000
Net other financing sources (uses)	(2,781,639)	(4,280,571)	2,644,483	(1,500,588)	1,349,439	9,557,000	(2,265,447)	2,722,677
Net changes in fund balances	(1,540,355)	(490,855)	53,882	602,143	(764,084)	5,502,203	1,166,939	4,529,873
Fund balances - beginning	6,804,844	689,771	613,084	3,516,710	1,550,122	443,226	6,190,850	19,808,607
Fund balances - ending	$ 5,264,489	$ 198,916	$ 666,966	$ 4,118,853	$ 786,038	$ 5,945,429	$ 7,357,789	$ 24,338,480

See accompanying notes to financial statements.

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

For the year ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	$ 3,988,443	$ 4,143,443	$ 4,255,418	$ 111,975
Licenses and permits	1,364,000	1,283,000	1,337,909	54,909
Intergovernmental	4,219,544	5,050,294	4,911,217	(139,077)
Charges for services	2,556,554	2,681,554	2,691,362	9,808
Fines and forfeitures	23,615	23,615	29,060	5,445
Grants	-	173,000	128,688	(44,312)
Investment earnings	9,000	9,000	22,908	13,908
Other fees and miscellaneous revenues	66,746	133,296	145,527	12,231
Total revenues	12,227,902	13,497,202	13,522,089	24,887
Expenditures				
Current:				
General government	5,414,677	5,590,177	4,787,654	802,523
Public health and safety	4,337,191	4,847,691	4,240,114	607,577
Physical environment	577,366	578,066	460,127	117,939
Transportation	201,039	201,039	190,218	10,821
Economic environment	620,039	620,539	604,864	15,675
Human services	1,128,659	1,146,659	922,686	223,973
Culture and recreation	463,256	480,456	383,772	96,684
Court related	183,049	203,749	133,404	70,345
Capital outlay	1,120,022	952,013	557,966	394,047
Reserve for contingencies	200,000	575,503	-	575,503
Total expenditures	14,245,298	15,195,892	12,280,805	2,915,087
Excess (deficiency) of revenues over (under) expenditures	(2,017,396)	(1,698,690)	1,241,284	2,939,974
Other financing sources (uses)				
Transfers in	2,750,000	2,750,000	1,500,000	(1,250,000)
Transfers out	(3,106,530)	(4,679,400)	(4,281,639)	397,761
Net other financing sources (uses)	(356,530)	(1,929,400)	(2,781,639)	(852,239)
Net change in fund balance	(2,373,926)	(3,628,090)	(1,540,355)	2,087,735
Fund balance - beginning	6,804,844	6,804,844	6,804,844	-
Fund balance - ending	$ 4,430,918	$ 3,176,754	$ 5,264,489	$ 2,087,735

See accompanying notes to financial statements.

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

For the year ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	$ 6,038,657	$ 6,193,657	$ 6,239,294	$ 45,637
Intergovernmental	318,505	318,505	322,590	4,085
Charges for services	453,000	253,000	216,878	(36,122)
Fines and forfeitures	47,200	48,200	48,561	361
Grants	60,077	60,077	-	(60,077)
Investment earnings	1,300	1,300	2,443	1,143
Other fees and miscellaneous revenues	212,857	212,857	214,513	1,656
Total revenues	7,131,596	7,087,596	7,044,279	(43,317)
Expenditures				
Current:				
Public health and safety	3,195,906	3,342,905	3,159,257	183,648
Capital outlay	-	95,306	95,306	-
Reserve for contingencies	150,000	58,495	-	58,495
Total expenditures	3,345,906	3,496,706	3,254,563	242,143
Excess (deficiency) of revenues over (under) expenditures	3,785,690	3,590,890	3,789,716	198,826
Other financing sources (uses)				
Transfers in	225,340	230,340	229,808	(532)
Transfers out	(4,511,030)	(4,511,030)	(4,510,379)	651
Net other financing sources (uses)	(4,285,690)	(4,280,690)	(4,280,571)	119
Net change in fund balance	(500,000)	(689,800)	(490,855)	198,945
Fund balance - beginning	689,771	689,771	689,771	-
Fund balance - ending	$ 189,771	$ (29)	$ 198,916	$ 198,945

See accompanying notes to financial statements.

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

For the year ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	$ 2,954,883	$ 2,954,883	$ 2,897,645	$ (57,238)
Intergovernmental	21,900	21,900	24,737	2,837
Investment earnings	5,000	5,000	1,133	(3,867)
Other fees and miscellaneous revenues	190	288,190	298,000	9,810
Total revenues	2,981,973	3,269,973	3,221,515	(48,458)
Expenditures				
Current:				
Transportation	5,599,036	6,072,299	5,281,277	791,022
Capital outlay	181,831	571,831	530,839	40,992
Total expenditures	5,780,867	6,644,130	5,812,116	832,014
Excess (deficiency) of revenues over (under) expenditures	(2,798,894)	(3,374,157)	(2,590,601)	783,556
Other financing sources (uses)				
Transfers in	3,233,073	3,564,585	3,104,249	(460,336)
Transfers out	(398,481)	(548,481)	(459,766)	88,715
Net other financing sources (uses)	2,834,592	3,016,104	2,644,483	(371,621)
Net change in fund balance	35,698	(358,053)	53,882	411,935
Fund balance - beginning	613,084	613,084	613,084	-
Fund balance - ending	$ 648,782	$ 255,031	$ 666,966	$ 411,935

See accompanying notes to financial statements.

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

For the year ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	$ 2,278,168	$ 2,188,168	$ 2,178,958	$ (9,210)
Investment earnings	5,000	5,000	12,217	7,217
Total revenues	2,283,168	2,193,168	2,191,175	(1,993)
Expenditures				
Current:				
Transportation	95	727,995	6,210	721,785
Capital outlay	-	2,144,662	82,234	2,062,428
Reserve for contingencies	-	909,045	-	909,045
Total expenditures	95	3,781,702	88,444	3,693,258
Excess (deficiency) of revenues over (under) expenditures	2,283,073	(1,588,534)	2,102,731	3,691,265
Other financing sources (uses)				
Transfers in	-	1,554,898	1,522,149	(32,749)
Transfers out	(3,233,073)	(3,483,073)	(3,022,737)	460,336
Net other financing sources (uses)	(3,233,073)	(1,928,175)	(1,500,588)	427,587
Net change in fund balance	(950,000)	(3,516,709)	602,143	4,118,852
Fund balance - beginning	3,516,710	3,516,710	3,516,710	-
Fund balance - ending	$ 2,566,710	$ 1	$ 4,118,853	$ 4,118,852

See accompanying notes to financial statements.

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

For the year ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	$ 542,748	$ 542,748	$ 527,150	$ (15,598)
Intergovernmental	2,147,687	2,147,687	2,042,295	(105,392)
Grants	-	1,606,757	1,544,201	(62,556)
Investment earnings	750	750	420	(330)
Other fees and miscellaneous revenues	-	44,000	43,925	(75)
Total revenues	2,691,185	4,341,942	4,157,991	(183,951)
Expenditures				
Current:				
Transportation	136,883	2,258,050	1,978,132	279,918
Debt service	1,110,430	1,110,530	1,184,748	(74,218)
Capital outlay	1,842,353	3,643,045	3,108,634	534,411
Total expenditures	3,089,666	7,011,625	6,271,514	740,111
Excess (deficiency) of revenues over (under) expenditures	(398,481)	(2,669,683)	(2,113,523)	556,160
Other financing sources (uses)				
Transfers in	398,481	1,548,481	1,459,766	(88,715)
Transfers out	-	(428,920)	(110,327)	318,593
Net other financing sources (uses)	398,481	1,119,561	1,349,439	229,878
Net change in fund balance	-	(1,550,122)	(764,084)	786,038
Fund balance - beginning	1,550,122	1,550,122	1,550,122	-
Fund balance - ending	$ 1,550,122	$ -	$ 786,038	$ 786,038

See accompanying notes to financial statements.

Jackson County, Florida
Board of County Commissioners
Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance
Gas Tax Bonds, Series 2010
Budget and Actual

For the year ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Intergovernmental	$ -	$ -	$ -	$ -
Investment earnings	-	2,800	2,737	(63)
Other fees and miscellaneous revenues	-	-	650	650
Total revenues	-	2,800	3,387	587
Expenditures				
Current:				
Transportation	-	3,026	-	3,026
Capital outlay	-	10,000,000	4,058,184	5,941,816
Total expenditures	-	10,003,026	4,058,184	5,944,842
Excess (deficiency) of revenues over (under) expenditures	-	(10,000,226)	(4,054,797)	5,945,429
Other financing sources (uses)				
Loan proceeds	-	9,557,000	9,557,000	-
Net other financing sources (uses)	-	9,557,000	9,557,000	-
Net change in fund balance	-	(443,226)	5,502,203	5,945,429
Fund balance - beginning	443,226	443,226	443,226	-
Fund balance - ending	$ 443,226	$ -	$ 5,945,429	$ 5,945,429

See accompanying notes to financial statements

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

September 30, 2011

	BUSINESS-TYPE ACTIVITIES/ENTERPRISE FUNDS			
		NON-MAJOR FUNDS		
	Jackson Water/Sewer	Parks and Recreation	Jackson Recycling	Total
Assets				
Current assets				
Cash and cash equivalents	$ 102,046	$ 39,986	$ 279,157	$ 421,189
Accounts receivable, net	85,665	5,403	33,234	124,302
Due from other funds	-	137,978	-	137,978
Due from other governments	50	-	-	50
Total current assets	187,761	183,367	312,391	683,519
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	594,436	-	-	594,436
Capital assets				
Nondepreciable	5,000	-	16,145	21,145
Depreciable, net	10,973,519	877,439	144,476	11,995,434
Total noncurrent assets	11,572,955	877,439	160,621	12,611,015
Total assets	11,760,716	1,060,806	473,012	13,294,534
Liabilities				
Current liabilities				
Accounts payable	33,690	11,763	10,477	55,930
Interest payable	17,619	-	-	17,619
Due to other funds	-	140,385	-	140,385
Liabilities payable from restricted assets	25,000	-	-	25,000
Bonds payable - current	73,000	-	-	73,000
Total current liabilities	149,309	152,148	10,477	311,934
Noncurrent liabilities				
Revenue bonds payable	4,640,000	-	-	4,640,000
Total noncurrent liabilities	4,640,000	-	-	4,640,000
Total liabilities	4,789,309	152,148	10,477	4,951,934
Net assets				
Invested in capital assets, net of related debt	6,265,519	877,439	160,621	7,303,579
Restricted for				
Debt service	273,486	-	-	273,486
Other purposes	295,950	-	-	295,950
Unrestricted (deficit)	136,452	31,219	301,914	469,585
Total net assets	$ 6,971,407	$ 908,658	$ 462,535	$ 8,342,600

See accompanying notes to financial statements.

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

For the year ended September 30, 2011

	BUSINESS -TYPE ACTIVITIES/ENTERPRISE FUNDS			
		NON-MAJOR FUNDS		
	Jackson Water/Sewer	Parks and Recreation	Jackson Recycling	Total
Operating revenues				
Charges for services	$ 929,154	$ 150,897	$ 162,287	$ 1,242,338
Total operating revenues	929,154	150,897	162,287	1,242,338
Operating expenses				
Personal services	175,577	225,264	121,929	522,770
Utilities	110,808	23,950	-	134,758
Services and supplies	217,426	54,469	69,886	341,781
Repairs and maintenance	28,415	18,910	18,433	65,758
Other operating expenses	-	2,484	1,480	3,964
Depreciation	207,294	60,829	25,523	293,646
Total operating expenses	739,520	385,906	237,251	1,362,677
Net operating income (loss)	189,634	(235,009)	(74,964)	(120,339)
Nonoperating revenues (expenses)				
Interest income	11,155	10	44	11,209
Interest expense	(213,476)	-	-	(213,476)
Miscellaneous revenue	-	100	-	100
Total nonoperating revenues (expenses)	(202,321)	110	44	(202,167)
Income (loss) before contributions and transfers	(12,687)	(234,899)	(74,920)	(322,506)
Capital contributions	18,878	135,592	-	154,470
Transfers, net	-	167,978	-	167,978
Change in net assets	6,191	68,671	(74,920)	(58)
Total net assets - beginning	6,965,216	839,987	537,455	8,342,658
Total net assets - ending	$ 6,971,407	$ 908,658	$ 462,535	$ 8,342,600

See accompanying notes to financial statements.

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

For the year ended September 30, 2011

	BUSINESS-TYPE ACTIVITIES/ENTERPRISE FUNDS			
		NON-MAJOR FUNDS		
	Jackson Water/Sewer	Parks and Recreation	Jackson Recycling	Total
Operating activities				
Receipts from customers and users	$ 1,099,742	$ 154,393	$ 136,615	$ 1,390,750
Payments to suppliers	(541,889)	(102,978)	(88,033)	(732,900)
Payments to employees	(175,577)	(225,264)	(121,929)	(522,770)
Net cash (used) provided by operating activities	382,276	(173,849)	(73,347)	135,080
Noncapital financing activities				
Transfers to/from other funds	-	167,978	-	167,978
Advances from/to other funds	(227,146)	(67,555)	7,128	(287,573)
Net cash provided (used) by noncapital financing activities	(227,146)	100,423	7,128	(119,595)
Capital and related financing activities				
Capital contributions	18,878	135,592	-	154,470
Purchase of capital assets	(123,497)	(143,992)	-	(267,489)
Principal payments on capital debt	(49,000)	-	-	(49,000)
Interest payments on capital debt	(213,662)	-	-	(213,662)
Other receipts	-	100	-	100
Net cash (used) provided by capital and related financing activities	(367,281)	(8,300)	-	(375,581)
Investing activities				
Interest and dividends	11,155	10	44	11,209
Net cash provided by investing activities	11,155	10	44	11,209
Net increase (decrease) in cash and equivalents	(200,996)	(81,716)	(66,175)	(348,887)
Cash - beginning of the year	897,478	121,702	345,332	1,364,512
Cash - end of the year	$ 696,482	$ 39,986	$ 279,157	$ 1,015,625
Reconciliation of net operating income to net cash provided (used) by operating activities				
Net operating income (loss)	$ 189,634	$ (235,009)	$ (74,964)	$ (120,339)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	207,294	60,829	25,523	293,646
(Increase) decrease in accounts receivable	(10,552)	3,496	(25,672)	(32,728)
(Increase) decrease in due from other governments	178,693	-	-	178,693
(Increase) decrease in prepaid expenses	-	21	-	21
(Increase) decrease in deposits	2,447	-	-	2,447
Increase (decrease) in accounts payable	(185,240)	(3,186)	1,766	(186,660)
Net cash (used) provided by operating activities	$ 382,276	$ (173,849)	$ (73,347)	$ 135,080

See accompanying notes to financial statements.

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

September 30, 2011

		Agency Funds
Assets		
Cash and cash equivalents	$	73,219
Total assets	$	73,219
Liabilities		
Due to others	$	73,219
Total liabilities	$	73,219

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

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

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

The Board reports the following major governmental funds:

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

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

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

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

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

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

The Board reports the following major proprietary fund:

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Board also reports the following fund type:

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

Measurement Focus

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

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the special-purpose financial statements. Basis of accounting related to the timing of the measurements made, regardless of the measurement focus applied.

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

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

The budgetary information presented for the general fund and any major special revenue funds is prepared on the modified accrual basis. Encumbrances are not recorded. Unexpended items at year-end must be reappropriated in the subsequent year.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Short-term investments also include amounts placed with the State Board of Administration for participation in the Local Government Surplus Funds Trust Fund investment pools created by Sections 218.405 and 218.417, Florida Statutes.

Investments

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

Receivables

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

Interfund Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

Inventories

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

Prepaid Expenses

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The Board's capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, right of ways, storm water system, sidewalks, and similar items), are reported in the capital asset accounts of the County. Property and equipment with initial, individual costs that exceed $5,000 and an estimated useful life in excess of one year are recorded as capital assets. Buildings, roads, bridges, and sidewalks are capitalized when their initial costs exceed $5,000 and possess estimated useful lives of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are expensed as incurred.

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

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

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

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

Deferred Revenues

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

Accumulated Compensated Absences

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Management Estimates and Assumptions
The preparation of financial statements in conformity with GAAP requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

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

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

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 2011 millage rate assessed by the Board was 7.1228 mills.

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

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

NOTE 2 - PROPERTY TAXES (CONTINUED)

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

On or prior to June 1, following the tax year, tax certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold tax certificates are held by the County.

NOTE 3 - DEPOSITS AND INVESTMENTS

At year end, the carrying amount of the Board's deposits was $26,378,205 and the bank balance was $30,710,516. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

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

The Board invested funds in the Florida State Board of Administration Local Governments Surplus Funds Investment Pool. At September 30, 2011, the market value and the carrying value of these funds was $7,009,630. The funds are carried as a cash equivalent on the balance sheet at September 30, 2011 (See Note 1 for definition of cash equivalents) and are included in carrying value and bank balance in the first paragraph of this note.

The Board’s investments in the Local Government Surplus Funds Trust Fund (Florida PRIME), which the State Board of Administration indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of September 30, 2011, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which is amortized cost.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

The State Board of Administration's interpretation in regards to the Board's investments in Fund B is that it does not meet the requirement of a SEC 2a-7-like fund; therefore, State Board of Administration is providing a Fair Value factor (i.e. total net asset value of Fund B divided by total participant balances of Fund B) for September 30, 2011. The Fair Value factor for Fund B for September 30, 2011, is .7568386.

As of September 30, 2011, the County had $6,821,270 and $188,360 invested in Florida PRIME and Fund B, respectively. Additional information and investment policies regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration at www.sbafla.com/prime.

Credit Risk

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

As of September 30, 2011, the Board's investment in the Florida PRIME is rated by Standard and Poors and the current rating is AAAm. The Fund B Surplus Funds Trust Fund is not rated by any nationally recognized statistical rating agency.

Interest Rate Risk

The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2011, is 38 days. Next interest rate reset for floating rate securities are used in the calculation of the WAM. Due to the nature of the securities in Fund B, the interest rate risk information required by GASB 40 is not available. An estimate of weighted average life (WAL) is available. In the calculation of WAL, the time at which an expected principal amount is to be received (measured in years) is weighted by the principal amount received at that time divided by the sum of all expected principal payments. The principal amounts used in the WAL calculation are not discounted to present value as they would be in a weighted average duration calculation. The weighted average life (based on expected future cash flows) of Fund B at September 30, 2011, is estimated at 4.82 years. However, because Fund B consists of restructured or defaulted securities, there is considerable uncertainty regarding the weighted average life.

Custodial Credit Risk

At September 30, 2011, the Board did not hold any deposits or investments that were considered to have a custodial credit risk.

Concentration of Credit Risk

At September 30, 2011, the Board did not hold any investments that were considered to have a concentration of credit risk.

NOTE 4 - RESTRICTED ASSETS

The General Fund's cash is restricted as follows:

		Amount
Landfill closure escrow account	$	94,893
Technology Escrow		224,579
Sick leave buyback program		271,088
Total	$	590,560

The Transportation Trust Fund's cash is restricted for the sick leave buyback program in the amount of $218,766.

The Gas Tax Bond Series Fund's cash is restricted for road projects in the amount of $7,091,320.

The Nonmajor Governmental funds' cash is restricted for the debt service in the amount of $100,775.

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

		Amount
Debt service	$	291,105
Investment extension and improvements		303,331
Total	$	594,436

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable of the Fire/Rescue Department are accounted for in the Board's General Fund. Accounts receivable in the Fire/Rescue Department totaled $1,019,987 and are shown net of allowance for doubtful accounts of $765,386. This allowance represents an uncollected billing ratio based on past history of collections and aged accounts receivable listings.

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

NOTE 6 - INTERFUND BALANCES

Interfund balances at September 30, 2011 consisted of the following:

Due to/from Other Funds:

Receivable Fund	**Payable Fund**		
General fund	Fines and Forfeiture	$	458,972
	Transportation Trust		2,679
	Nonmajor governmental funds:		
	Other special revenue funds		205,341
	Proprietary funds:		
	Parks and Recreation		140,385
Transportation Trust	Local Option Gas Tax		72,737
	General fund		245
Local Option Gas Tax	Transportation Trust		245
	General fund		193,920
Road Construction	Transportation		459,766
Nonmajor governmental funds	General fund		6,683
	Road construction		110,327
	Other special revenue funds		7,884
Subtotal			1,659,184
Proprietary Funds	General fund		137,978
Total		$	1,797,162

The balances resulted from the time lag between the dates that (a) interfund goods and services are provided or reimbursable expenditures occur, (b) transactions are recorded in the accounting system, and (c) payments between funds are made. Amounts are generally repaid during the next fiscal year.

The general fund and fines and forfeitures have amounts due from constitutional officers, which represent the return of excess monies due at the end of the fiscal year, from either budget officers or fee officers.

NOTE 6 - INTERFUND BALANCES (CONTINUED)

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
Board		
General fund	$ 168,006	$ -
Fine and forfeiture	57,246	
Constitutional officers		
Clerk of Courts	-	99,064
Tax Collector	-	30,889
Supervisor of Elections	-	11,106
Property Appraiser	-	26,947
Sheriff	-	57,246
Total	$ 225,252	$ 225,252

Interfund transfers for the year ended September 30, 2011, consisted of the following:

Transfers to General Fund from:		
Nonmajor Governmental fund		$ 1,500,000
Transfers to Fines and Forfeiture from:		
Constitutional officer - Sheriff	$ 181,795	
Nonmajor Governmental fund	48,013	
Total		229,808
Transfers to Transportation Trust from:		
Local Option Gas Tax	$ 3,022,737	
Nonmajor Governmental fund	81,512	
Total		3,104,249
Transfers to Local Option Gas Tax from:		
General fund		1,522,149
Transfers to Road Construction from:		
Transportation Trust	$ 459,766	
Nonmajor Governmental Funds	1,000,000	
Total		1,459,766
Transfers to Nonmajor Governmental Funds from:		
General fund	253,751	
Road Construction	110,327	
Nonmajor Governmental funds	69,533	
Total		433,611
Subtotal		8,249,583
Transfers to Proprietary funds from:		
General fund		167,978
Total interfund transfers		$ 8,417,561

NOTE 6 - INTERFUND BALANCES (CONTINUED)

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

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

Interfund transfers to/from Constitutional Officers for the year ended September 30, 2011, consisted of the following:

	Amount
Clerk of Courts	$ 389,812
Supervisor of Elections	412,800
Tax Collector	655,450
Property Appraiser	879,699
Sheriff	4,328,584
Total	$ 6,666,345

NOTE 7 - DUE FROM OTHER GOVERNMENTS

Due from other governments consists of funds earned as of September 30, 2011, but not yet received by the Board. The majority of these amounts were received in October and November 2011.

NOTE 8 - CAPITAL ASSETS

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

Capital asset activity for the year ended September 30, 2011, was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	$ 2,072,421	$ 277,651	$ -	$ 2,350,072
Construction in progress	2,366,251	4,523,337	4,499,596	2,389,992
Total capital assets, not being depreciated	4,438,672	4,800,988	4,499,596	4,740,064
Capital assets, being depreciated:				
Buildings and improvements	17,151,747	13,415,375	-	30,567,122
Equipment	13,699,131	607,634	656,724	13,650,041
Roads	28,499,939	6,665,473	-	35,165,412
Infrastructure - Sidewalks	272,305	827,407	-	1,099,712
Total capital assets, being depreciated	59,623,122	21,515,889	656,724	80,482,287
Less: Total accumulated depreciation	28,283,945	3,003,213	656,724	30,630,434
Total capital assets, being depreciated, net	31,339,177	18,512,676	-	49,851,853
Governmental activities capital assets, net	$ 35,777,849	$ 23,313,664	$ 4,499,596	$ 54,591,917

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

NOTE 8 - CAPITAL ASSETS (CONTINUED)

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 21,145	$ -	$ -	$ 21,145
Construction in progress	2,968,352	82,121	3,050,473	-
Total capital assets, not being depreciated	2,989,497	82,121	3,050,473	21,145
Capital assets, being depreciated:				
Equipment	11,648,410	3,235,841	-	14,884,251
Total capital assets, being depreciated	11,648,410	3,235,841	-	14,884,251
Less: Total accumulated depreciation	2,595,171	293,646	-	2,888,817
Total capital assets, being depreciated, net	9,053,239	2,942,195	-	11,995,434
Business-type activities capital assets, net	$ 12,042,736	$ 3,024,316	$ 3,050,473	$ 12,016,579

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

Governmental activities:	
General government	$ 154,768
Public safety	393,499
Transportation	1,774,896
Economic environment	76,312
Culture and recreation	137,936
Human services	442,546
Court related	23,256
Total depreciation expense-governmental activities	$ 3,003,213
Business-type activities:	
Water and Sewer	$ 207,294
Recycling	25,523
Parks and recreation	60,829
Total depreciation expense-business-type activities	$ 293,646

NOTE 9 - LONG-TERM LIABILITIES

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

Long-term debt activity for the year ended September 30, 2011, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Revenue bonds	$ 503,000	$ 9,557,000	$ 929,350	$ 9,130,650	$ 875,862
Compensated absences	760,750	12,527	-	773,277	-
Landfill closure and post-closure costs	292,161	-	-	292,161	83,581
Total Governmental activities:	1,555,911	9,569,527	929,350	10,196,088	959,443
Business-type activities:					
Revenue bonds	4,762,000	-	49,000	4,713,000	73,000
Total	$ 6,317,911	$ 9,569,527	$ 978,350	$ 14,909,088	$ 1,032,443

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

Debt service requirements on long-term debt at September 30, 2011 are as follows:

	GOVERNMENTAL ACTIVITIES	
	REVENUE BONDS	
FISCAL YEAR ENDING SEPTEMBER 30,	PRINCIPAL	INTEREST
2012	$ 875,862	$ 320,891
2013	907,677	289,076
2014	940,647	256,106
2015	974,815	221,938
2016	1,010,225	186,528
2017-2020	4,421,424	365,587
Total	$ 9,130,650	$ 1,640,126

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

FISCAL YEAR ENDING SEPTEMBER 30,	BUSINESS-TYPE ACTIVITIES REVENUE BONDS PRINCIPAL	INTEREST
2012	$ 73,000	$ 211,425
2013	77,000	208,130
2014	80,000	204,656
2015	84,000	201,048
2016	87,000	197,256
2017-2021	497,000	923,779
2022-2026	619,000	801,115
2027-2031	773,000	648,018
2032-2036	963,000	456,976
2037-2041	740,000	236,120
2042-2046	427,000	121,756
2047-2051	293,000	25,550
Total	$ 4,713,000	$ 4,235,829

Governmental activities
Revenue Bonds

$10,080,000, Gas Tax Revenue Bonds, Series 2010, payable in semi-annual installments of $426,350 to $587,796 through 2020, interest at 3.6%. Collateralized by pledged revenue generated from certain gas tax revenues.	$ 9,130,650
Total revenue bonds	$ 9,130,650

Business-type activities
Revenue Bonds

$1,500,000, Water and Sewer Revenue Bonds, Series 1999B, payable in annual installments of $65,625 to $82,188 through 2039, interest at 4.375%. Collateralized by pledged revenue derived from the operation of the system.	$ 1,304,000
$2,014,000, Water and Sewer Revenue Bonds, Series 2009, payable in annual installments of $22,000 to $101,000 through 2049, interest at 4.375%. Collateralized by pledged revenue derived from the operation of the system.	2,014,000
$1,618,000, Water and Sewer Revenue Bonds, Series 1999A, payable in annual installments of $76,855 to $90,085 through 2038, interest at 4.750%. Collateralized by pledged revenue derived from the operation of the system.	1,395,000
Total revenue bonds	$ 4,713,000

NOTE 9 - LONG-TERM LIABILITIES (CONTINUED)

Compensated Absences

All full time employees of the Board are entitled to an annual vacation and sick leave with pay. The employees are generally allowed to accumulate vacation leave of 240 hours. Upon termination the employee is paid 20% of accumulated sick leave if the employee has 10 years or more of service to the Board. Vacation pay and sick leave payments are included in operating costs when the payments are made to the employees. The estimated commitment for annual leave at September 30, 2011 was $773,277.

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

NOTE 10 - RISK MANAGEMENT

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

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

NOTE 11 - EMPLOYEE BENEFITS

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

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

NOTE 11 - EMPLOYEE BENEFITS (CONTINUED)

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

	10/01/10 Through 06/30/11	**07/01/11 Through 09/30/11**
Regular employees	10.77%	4.91%
Senior management	14.57%	6.27%
Elected county officials' class	18.64%	11.14%
Special risk employees	23.25%	14.10%
DROP plan participants	12.25%	4.42%

Total payroll for the Board employees covered by the System was $7,782,043 for the year ended September 30, 2011.

The Board's contributions to the Plan for the years ended September 30, 2011, 2010 and 2009 were $1,026,739, $1,080,012, and $1,075,217 respectively, which equal the required contributions. For the year ended September 30, 2011, retirement contributions represent 13.19% of the County's total covered payroll.

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

NOTE 12 - GRANTS

The Board participates in several state and federal grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended September 30, 2011, have not yet been accepted/approved by the grantors. Accordingly, the final determination of the Board's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined, although the Board expects such amounts, if any, to be immaterial.

NOTE 13 – FUND BALANCE

Spendable fund balances are classified based on a hierarchy of the Board's ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ending September 30, 2011, the Board reports net assets as restricted. Restricted net assets have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Committed net assets have amounts constrained by a specific purpose by the Board of County Commissioners. Assigned net assets have constraints placed on the use of resources by the Board's intent to use the resources for specific purposes. Unassigned fund balances have not been restricted, committed or assigned to specific purposes within the general fund.

At September 30, 2011, fund balance is comprised of the following:

Restricted Fund Balance:

Funds	**Purpose**		
General Fund	Funding for:		
	Building Department	$ 328,033	
	Landfill	94,893	
	Tax Deeds	74,443	
	Total general fund		$ 497,369
Special Revenue Fund			
	Funding for:		
	Gas Tax Bonds Series 2010		5,945,429
	Nonmajor governmental funds		
	Law Library	25,592	
	Local Law Enforcement	270,969	
	Drug Court	22,276	
	Contraband forfeitures	6,016	
	Crime prevention	96,249	
	Courts facility fund	1,301,116	
	Court construction improvement	54,275	
	Inmate Welfare Fund	236,275	
	Additional court costs	289,920	
	Total nonmajor governmental funds		2,302,688
	Total restricted fund balance		$ 8,745,486

NOTE 13 - FUND EQUITY (CONTINUED)

Committed Fund Balance

Funds	Purpose		
General Fund	Funding for:		
	Sick Leave		$ 272,462
Special Revenue Fund			
	Funding for:		
	Transportation Trust		219,864
	Nonmajor governmental funds		
	Compass Lake MSTU	$ 439,895	
	Jackson County Economic Recovery	82,884	
	West Jackson County Dev. Authority	219,047	
	Total nonmajor governmental funds		741,826
	Total committed fund balance		$ 1,234,152

Assigned Fund Balance

Funds	Purpose		
General Fund	Funding for:		
	Technology Escrow	$ 224,578	
	Administration Building Fund	1,214,577	
	Total general fund		$ 1,439,155
Special Revenue Fund	Funding for:		
	Fines and Forfeitures		198,916
	Transportation Trust		447,102
	Local Option Gas Tax		4,118,853
	Road Construction		786,038
	Nonmajor governmental funds		
	Utility Fee Fund	$ 2,600,620	
	JCDC Tax	1,384,575	
	Jackson County Ag Complex	128,642	
	Other Debt Service	100,751	
	E911	96,883	
	Sheriff Aviation Fund	1,090	
	Emergency Management Grant	1,000	
	Solid Waste Recycling Grant	404	
	EOC Debt Service	24	
	Total nonmajor governmental funds		4,313,989
	Total assigned fund balance		$11,304,053

NOTE 14 - LITIGATION AND CONTINGENT LIABILITIES

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

NOTE 15 - LANDFILL CLOSURE/LONG-TERM CARE ESCROW

The Board maintains a landfill management escrow account, as required by law, to ensure the availability of financial resources for closing the landfill. The Board records the landfill closure/long-term care escrow as a reserved portion of the general fund's fund balance. The escrow balance at September 30, 2011, was $94,893.

The Board has adopted GASB Statement No. 18, which requires recognition of landfill post-closure care costs in the Board's long-term debt. State and federal laws and regulations require the County to perform certain maintenance and monitoring functions after closure. At September 30, 2011, the amount of $292,161 in long-term debt recognizes the remaining year of long-term care period. The above estimate is based on current prices, actual costs may be higher due to inflation, changes in technology, or changes in regulations. See Note 16 for additional disclosures about the potential additional liability due to contamination at the East Landfill.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Contractual Commitments

At September 30, 2011, the Board had contractual commitments for construction projects, equipment purchases and leases in excess of amounts recognized in the financial statements.

Balances remaining on uncompleted construction contracts at September 30, 2011:

White Tail Drive	$	158,942
SCRAP – Butler Road	$	382,530
Butler Road	$	897,067
Grove Road	$	92,912
Ford Road	$	94,802
Pike Pond Road	$	264,685
Small County Outreach Program – State Correctional Road	$	442,882

Workers Compensation Cases

There are two workers compensation cases outstanding at year end that are associated with the Governmental Risk Insurance Trust (GRIT). The future medical costs of these claims are estimated to be $225,524 and $93,330 over ten years.

NOTE 16 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Jackson County East Landfill—Remedial Action Plan

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

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

Emergency Management Center

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

Medicaid Liability – The Agency for Healthcare Administration (AHCA) is in the process of certifying contested Medicaid billings for hospital and nursing home services for all Florida counties for the past ten years. The Medicaid liability for Jackson County has not been finalized but is not expected to exceed $685,000. Upon final determination of the liability, repayment will be made over a period of four years in varying monthly installments.

NOTE 17 - RECLASSIFICATION

Certain 2010 amounts have been reclassified to conform with 2011 classifications. Such reclassification had no effect on reported net income.

NOTE 18 - SUBSEQUENT EVENTS

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

Subsequent to year end, the County has entered into contracts for various construction projects totaling in excess of $9 million.

Courthouse Renovations Project
Subsequent to year end, the County approved the proposal for the Courthouse Renovations Project from Ajax Construction in the amount of $1,917,000.

Purchase 2863 Green Street & Capital Revenue Note, Series 2012
Subsequent to year end, the County purchased the building located at 2863 Green Street in Marianna currently used to house the State Attorney's Office and the E911 Office. The building was purchased for $925,000 with a down payment of $425,000 using Administration building funds and borrowed funds of $500,000. The County signed a 10 year note with a fixed interest rate of 2.04%, with no repayment penalty and closing cost of $4,000 with Hancock Bank. The County will pledge non-ad valorem revenue with the rental payments.

Equipment Purchases
Subsequent to year end, the County purchased three dump trucks for the Road Department in the amount of $187,500. Subsequent to year end, the County purchased two new ambulances for Fire and Rescue in the amount of $268,400. Subsequent to year end, the County approved the CenturyLink contract for the E911 NextGen system upgrade in the amount of $320,659.

NOTE 19 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION

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

Plan Description – The Jackson County Board of County Commissioners (the "Board") administers a single-employer defined benefit healthcare plan (the "Plan"). In accordance with Section 112.0801 of the Florida Statutes, because Jackson County provides a medical plan to active employees of the County and their eligible dependents, the Board is also required to provide retirees with the opportunity to participate in this Plan. The Plan provides healthcare benefits including medical coverage and life insurance coverage to both active and eligible retired employees. The Plan does not issue a publicly available financial report.

Eligibility for participation in the Plan is limited to full-time employees of the Board and the Constitutional officers. For regular, senior management service and elected officials, participants are eligible for normal retirement upon attaining the earlier of 1) six years of service and age 62 or 2) 30 years of service regardless of age. For Special Risk, participants are eligible for normal retirement upon attaining the earlier of 1) six years of special risk service and age 55 or 2) 25 total years of service consisting both of special risk service up to four years of military service and age 52 or 3) 25 total years of special risk service, regardless of age or 4) 30 years of any credible service, regardless of age.

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

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

Membership – At September 30, 2011, there were no terminated employees entitled to benefits but not yet receiving them. The membership of the Plan consisted of:

Active employees	345
Retirees and beneficiaries currently receiving benefits	38
Total membership	383
Participating employers	1

Funding Policy – A qualifying trust or agency fund has not been authorized by the Board. The Board negotiates the premium rates with BCBSFL. The required contribution is based on pay-as-you-go financing requirements. Retirees and beneficiaries currently receiving benefits are required to contribute 100% of their current premium costs, which for fiscal year 2011 was $140,650. The Board contributes the remainder to cover the costs of providing the benefits to the retirees.

Annual OPEB and Net OPEB Obligation – The Board's annual other post employment benefit (OPEB) cost (expenses) is calculated based on the annual required contribution of the employer (the "ARC") actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a closed period not to exceed 15 years. The following shows the components of the Board's net OPEB obligation:

September 30,	**2011**
Annual required contribution	$ 426,000
Interest on prior year net OPEB obligation	17,000
Adjustments to annual required contribution	(33,000)
Annual OPEB costs	410,000
Estimated employer contribution made	(172,000)
Increase (decrease) in net OPEB obligation	238,000
Net OPEB obligation, beginning of year	434,000
Estimated net OPEB obligation, end of year	$ 672,000

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

Funded Status and Funding Progress – As of September 30, 2011, the actuarial accrued liability of $3,037,000 was unfunded. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the ARC's of employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements in the government-wide financial statements of Jackson County, Florida, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Method and Assumptions – The valuation dated October 1, 2010, for the fiscal date of October 1, 2010 to September 30, 2012, was prepared using generally accepted accrual principles and practices, and relied on unaudited census date and medical claims data reported by the Board. Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used included techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the September 30, 2011 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumption included a 4.0% investment rate of return. The Unfunded Actuarial Accrued Liability (UAAL) is being amortized over 15 years assuming 5 annual level payments. The remaining amortization period is at September 30, 2011 was 15 years.

Supplementary Information

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

September 30, 2011

	Special Revenue Funds						
	Utility Fee Fund	E911	Local Housing Assistance Trust (SHIP)	Courthouse Facility Fund	Jackson County Tourist Development Tax	CDBG OONR	Emergency Operations Center
Assets							
Cash and cash equivalents	$ 2,232,728	$ 499,959	$ 523,988	$ 1,278,584	$ 1,330,665	$ -	$ 25,800
Restricted cash and cash equivalents	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Due from other funds	-	-	-	23	-	-	-
Due from other governmental units	367,892	18,428	-	22,509	56,885	-	-
Total assets	$ 2,600,620	$ 518,387	$ 523,988	$ 1,301,116	$ 1,387,550	$ -	$ 25,800
Liabilities							
Vouchers payable	$ -	$ 22,689	$ 20,239	$ -	$ 2,975	$ -	$ -
Due to other funds	-	2,808	-	-	-	-	26,512
Deferred revenue	-	396,007	503,749	-	-	-	-
Total liabilities	-	421,504	523,988	-	2,975	-	26,512
Fund balances							
Restricted	-	-	-	1,301,116	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	2,600,620	96,883	-	-	1,384,575	-	-
Unassigned	-	-	-	-	-	-	(712)
Total fund balances	2,600,620	96,883	-	1,301,116	1,384,575	-	(712)
Total liabilities and fund balances	$ 2,600,620	$ 518,387	$ 523,988	$ 1,301,116	$ 1,387,550	$ -	$ 25,800

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

September 30, 2011

	Special Revenue Funds			Debt Service Funds		
	MSTU	Inmate Welfare Fund	Other Special Revenue Funds	EOC Debt Service	Other Debt Service	Total Non-Major Governmental Funds
Assets						
Cash and cash equivalents	$ 245,741	$ 237,332	$ 1,364,212	$ -	$ -	$ 7,739,009
Restricted cash and cash equivalents	-	-	-	24	100,751	100,775
Accounts receivable	199,154	10,898	31,250	-	-	241,302
Due from other funds	-	-	124,871	-	-	124,894
Due from other governmental units	-	-	113,002	-	-	578,716
Total assets	$ 444,895	$ 248,230	$ 1,633,335	$ 24	$ 100,751	$ 8,784,696
Liabilities						
Vouchers payable	$ 5,000	$ -	$ 199,710	$ -	$ -	$ 250,613
Due to other funds	-	11,955	171,950	-	-	213,225
Deferred revenue	-	-	63,313	-	-	963,069
Total liabilities	5,000	11,955	434,973	-	-	1,426,907
Fund balances						
Restricted	-	236,275	765,297	-	-	2,302,688
Committed	439,895	-	301,931	-	-	741,826
Assigned	-	-	131,136	24	100,751	4,313,989
Unassigned	-	-	(2)	-	-	(714)
Total fund balances	439,895	236,275	1,198,362	24	100,751	7,357,789
Total liabilities and fund balances	$ 444,895	$ 248,230	$ 1,633,335	$ 24	$ 100,751	$ 8,784,696

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

For the year ended September 30, 2011

	Special Revenue Funds						
	Utility Fee	E911	Local Housing Assistance Trust (SHIP)	Courthouse Facility Fund	Jackson County Tourist Development Tax	CDBG OONR	Emergency Operations Center
Revenues							
Taxes	$ 3,079,302	$ -	$ -	$ -	$ 292,346	$ -	$ -
Charges for services	-	186,737	-	290,279	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Grants	-	25,367	317,885	-	-	78,543	-
Investment earnings	131	1,654	45	574	4,370	-	-
Other fees and miscellaneous revenues	9,023	2,519	51,562	-	15,550	-	-
Total revenues	3,088,456	216,277	369,492	290,853	312,266	78,543	-
Expenditures							
Current:							
General government	-	-	-	-	-	-	-
Public health and safety	-	265,231	-	-	-	-	712
Physical environment	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	78,543	-
Economic environment	-	-	369,492	-	99,806	-	-
Human services	-	-	-	-	-	-	-
Culture/recreation	-	-	-	-	-	-	-
Court related	-	-	-	265	-	-	-
Capital outlay	-	-	-	11,350	-	-	-
Total expenditures	-	265,231	369,492	11,615	99,806	78,543	712
Excess (deficiency) of revenues over (under) expenditu	3,088,456	(48,954)	-	279,238	212,460	-	(712)
Other financing sources (uses)							
Transfers in	-	49,192	-	-	-	-	-
Transfers out	(2,500,000)	-	-	-	-	-	-
Net other financing sources (uses)	(2,500,000)	49,192	-	-	-	-	-
Net change in fund balances	588,456	238	-	279,238	212,460	-	(712)
Fund balances - beginning	2,012,164	96,645	-	1,021,878	1,172,115	-	-
Fund balances - ending	$ 2,600,620	$ 96,883	$ -	$ 1,301,116	$ 1,384,575	$ -	$ (712)

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

For the year ended September 30, 2011

	Special Revenue Funds			Debt Service Funds		
	MSTU	Inmate Welfare Fund	Other Special Revenue Funds	EOC Debt Service	Other Debt Service Funds	Total Non-Major Governmental Funds
Revenues						
Taxes	$ 891,001	$ -	$ -	$ -	$ -	$ 4,262,649
Charges for services	-	89,829	165,440	-	-	732,285
Fines and forfeitures	-	-	59,540	-	-	59,540
Grants	-	-	551,588	-	-	973,383
Investment earnings	114	45	2,581	24	530	10,068
Other fees and miscellaneous revenues	-	1,447	166,754	-	-	246,855
Total revenues	891,115	91,321	945,903	24	530	6,284,780
Expenditures						
Current:						
General government	151,451	-	69,537	-	24	221,012
Public health and safety	101,847	84,194	285,945	-	-	737,929
Physical environment	-	-	73,739	-	-	73,739
Transportation	230,940	-	-	-	-	309,483
Economic environment	-	-	2,935	-	-	472,233
Human services	-	-	42,428	-	-	42,428
Culture/recreation	210,306	-	370,448	-	-	580,754
Court related	-	-	127,200	-	-	127,465
Capital outlay	28,303	-	247,698	-	-	287,351
Total expenditures	722,847	84,194	1,219,930	-	24	2,852,394
Excess (deficiency) of revenues over (under) expenditu	168,268	7,127	(274,027)	24	506	3,432,386
Other financing sources (uses)						
Transfers in	-	-	384,419	-	-	433,611
Transfers out	-	(48,013)	(151,045)	-	-	(2,699,058)
Net other financing sources (uses)	-	(48,013)	233,374	-	-	(2,265,447)
Net change in fund balances	168,268	(40,886)	(40,653)	24	506	1,166,939
Fund balances - beginning	271,627	277,161	1,239,015	-	100,245	6,190,850
Fund balances - ending	$ 439,895	$ 236,275	$ 1,198,362	$ 24	$ 100,751	$ 7,357,789

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

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

We have audited the financial statements of the Jackson County, Florida, Board of County Commissioners (the Board) as of and for the year ended September 30, 2011, and have issued our report thereon dated June 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

We also noted certain other matters that we reported to the management of the Board in a separate letter dated June 18, 2012.

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

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

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

June 18, 2012

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

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

Compliance

We have audited the compliance of Jackson County, Florida, Board of County Commissioners (the Board) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major federal programs and state projects for the year ended September 30, 2011. The Board's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and state projects is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

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

In our opinion, the Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2011.

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

Internal Control Over Compliance

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

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

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

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

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

June 18, 2012

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

For the year ended September 30, 2011

Federal Agency Pass through entity Federal Award Programs	CFDA Number	Contract/Grant Number	Expenditures
United States Federal Highway Administration			
Florida Department of Transportation			
Highway Planning and Construction			
ARRA - Old Spanish Trail Sidewalks	20.205	APU19	$ 140,805
ARRA - S. R. 166 Sidewalks	20.205	APK96	10,900
Total United States Federal Highway Administration			**151,705**
United States Department of Agriculture			
Wastewater Improvements	10.760	n/a	82,121
Florida Department of Agriculture & Consumer			
Rural Business Enterprise Grant (RBEG) - Whitetail Drive	10.769	00-21	39,881
Total United States Department of Agriculture			**122,002**
United States Department of Housing and Urban Development			
Florida Department of Economic Opportunity			
Community Development Block Grants/State's Program			
Economic Development-Springs	14.228	09-DB-T3-02-41-01-E07	78,543
Total United States Department of Housing and Urban Development			**78,543**
United States Department of Homeland Security			
Florida Department of Economic Opportunity			
Homeland Security - CERT	97.067	11-CI-35-02-41-01-098	2,602
Homeland Security	97.067	10-DS-39-02-41-01-329	15,000
Emergency Management Performance Grant FY 10-11	97.042	11-FG-7W-02-41-01-051	44,188
Emergency Management Performance Grant FY 11-12	97.042	12-FG-R3-02-41-01-099	8,878
Total United States Department of Homeland Security			**70,668**
United States Department of Justice			
Florida Department of Law enforcement			
Byrne Formal Grant Program			
Anti-Drug Abuse Act Funds	16.738	2011-JAGC-JACK-1-B2-009	57,501
Total United States Department of Justice			**57,501**
United States Department of Energy			
Florida Department of Community Affairs			
Weatherization Assistance For Low-Income Persons			
Weatherization Assistance	81.042	09WX-7W-02-41-01-012	2,875
Total United States Department of Energy			**2,875**
United States Federal Elections Administration			
Florida Department of State			
Division of Elections			
Federal Election Activities	90.xxx	n/a	2,043
Total United States Federal Elections Administration			**2,043**
Total expenditures of Federal Awards Programs			**$ 485,337**

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

For the year ended September 30, 2011

Federal/State Agency Pass-Through Entity State Financial Assistance Projects	CSFA Number	Grant/ Contract Number	Expenditures
Florida Department of Transportation			
Public Transit Service Development Program			
Small County Outreach Program - Fillmore Rd	55.009	**APN02**	$ 188,549
Small County Outreach Program - Old Spanish Tr-Bridge Creek Rd	55.009	**AQC98**	708,503
Small County Outreach Program - State Correctional Rd	55.009	**AQ583**	8,032
Small County Road Assistance Program (SCRAP)-Butler Rd	55.016	**AQ595**	414,413
Road Beautification Assistance -SR 71 Landscape Project	55.xxx	**APV37**	72,999
Total Florida Department of Transportation			**1,392,496**
Florida Housing Finance Corporation			
State Housing Initiatives Partnership Program (SHIP)			
State Housing Initiatives Partnership Program (SHIP)	52.901	n/a	317,885
Total Florida Housing Finance Corporation			**317,885**
Florida Department of Environmental Protection			
Small County Grants			
Small County Solid Waste Grant	37.012	118SC	70,588
Florida Recreation Development Assistance Program (FRDAP)			
Blue Springs Park	37.017	A09070	135,592
Total Florida Department of Environmental Protection			**206,180**
Florida Department of State			
Division of Library and Information Services:			
Library Resources	45.030	11-ST-68	194,546
Total Florida Department of State			**194,546**
Florida State Court System			
County Article V Trust Fund			
Courthouse Facilities	22.004	n/a	111,086
Total Florida State Court System			**111,086**
Florida Department of Economic Opportunity			
Emergency Management Programs			
Emergency Management Programs	52.008	**11-BG-05-02-41-01-151**	72,489
Emergency Management Programs	52.008	**12-BG-05-02-41-01-032**	14,642
Florida Hazardous Materials Planning & Prevention Program	52.023	**11-CP-03-02-41-01-226**	3,512
Total Florida Department of Economic Opportunity			**90,643**

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

For the year ended September 30, 2011

Federal/State Agency Pass-Through Entity State Financial Assistance Projects	CSFA Number	Grant/ Contract Number	Expenditures
Florida Department of Health			
Emergency Medical Services	64.003	M0003	26,288
County Grant Awards	64.005	C0032	31,634
Total Florida Department of Health			**57,922**
Florida Department of Agriculture & Consumer Services			
Mosquito Control	42.003	16054	42,427
Total Florida Department of Agriculture & Consumer Services			**42,427**
Florida Department of Management Services			
E911 Maintenance Grant	72.001	**09-03-6**	12,885
E911 Traning-Conference	72.001	**09-13-18**	1,013
E911 Fall Grant Maintenance	72.001	**11-04-08**	10,574
E911 Spring Coor. Meeting	72.001	**11-04-21**	895
Total Florida Department of Management Services			**25,367**
Total Expenditures of State Financial Assistance Projects			**$ 2,438,552**

Jackson County, Florida
Board of County Commissioners
Notes to Schedule of Expenditures of Federal Award Programs and State Financial Assistance Projects
For the year ended September 30, 2011

NOTE 1 - BASIS OF ACCOUNTING

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

NOTE 2 - REPORTING ENTITY

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

NOTE 3 - PASS-THROUGH AWARDS

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

A. SUMMARY OF AUDIT RESULTS

1. The Independent Auditors' Report expresses an unqualified opinion on the financial statements of Jackson County, Florida, Board of County Commissioners (the Board).

2. Significant deficiencies disclosed during the audit of the financial statements are reported in the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*." No instances of material weakness to the financial statements of the County were disclosed during the audit.

3. We noted no instances of noncompliance material to the financial statements of the Board during the audit.

4. No significant deficiencies relating to the audit of the major federal award program and state financial assistance projects are reported in the Independent Auditors' Report on Compliance and Internal Control Over Compliance Applicable to Each Major Program.

5. The Independent Auditors' Report on Compliance and Internal Control over Compliance Applicable to each major federal award programs and state financial assistance projects for the Board expresses an unqualified opinion.

6. No audit findings relative to the major federal award programs and state financial assistance projects for the Board are reported in this schedule.

7. The programs/projects tested as major programs/projects included the following:

Federal Programs	**CFDA No.**
U.S. Department of Transportation Federal Highway Administration, Highway Planning and Construction	20.205
U.S. Department of Agriculture, Florida Department of Agriculture Consumer Services, Wastewater Improvements	10.760

State Projects	**CSFA No.**
Florida Department of Transportation Small County Road Assistance Program	55.016
Florida Housing Finance Corporation State Housing Initiatives Partnership (SHIP) Program	52.901

8. The threshold for distinguishing Type A and Type B programs/projects was $300,000 for major federal award programs and major state financial assistance projects.

9. The Board did qualify as a low-risk auditee pursuant to OMB Circular A-133.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

There were no current year audit findings.

C. FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AND STATE PROJECTS

There were no current year audit findings.

PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS

FINANCIAL STATEMENT AUDIT

CAPITAL ASSET RECORDS, FINDING 08-04 – NOT RESOLVED

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

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

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

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INDEPENDENT AUDITORS' MANAGEMENT LETTER COMMENTS

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

We have audited the accompanying financial statements of Jackson County, Florida, Board of County Commissioners (the "Board") as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated June 18, 2012 .

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*, Independent Auditors' Report on Compliance and Internal Control Over Compliance Applicable to Each Major Program and State Project, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated June 18, 2012, should be considered in conjunction with this management letter.

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

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

- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that Jackson County, Florida complied with Section 218.415, Florida Statutes.

- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations that improve financial management. In connection with our audit, we did not have any such recommendations.

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

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

  COMMENT: During the current year, a child support payment in the amount of $1,500 was receipted at the jail for an inmate purge; however, the funds went missing.

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

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

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

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

STATUS: This item has not been corrected.

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

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

STATUS: This item has not been corrected.

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

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

STATUS: This item has not been corrected.

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

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

STATUS: This item has not been corrected.

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

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

STATUS: This item has not been corrected.

- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This item is disclosed in the notes to the Financial Statements.

- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the County did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Jackson County, Florida for the fiscal year ended September 30, 2011, 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, 2011. In connection with our audit, we determined that these two reports were in agreement.

- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the County's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

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

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

June 18, 2012

BOARD of COUNTY COMMISSIONERS

Phone (850) 482-9633
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Administration Building
2864 Madison Street
Marianna, Florida 32448-4021

State of Florida
Auditor General

We are in receipt of the audit report for the Board of County Commissioners, Jackson County, Florida, for the fiscal year ending September 30, 2011. We have reviewed the internal control and compliance letters, the schedule of findings and questioned costs and the management letter included in the report.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PRIOR YEAR FINANCIAL STATEMENT AUDIT

CAPITAL ASSET RECORDS, FINDING 08-04

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

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

MANAGEMENT LETTER COMMENTS

CURRENT YEAR FINDING

COMMENT: There was $1,500 in inmate welfare funds that was misappropriated during the current year.

RESPONSE: Staff will work to correct this finding by initiating more stringent policies for the spending of inmate welfare funds.

PRIOR YEAR FINDINGS

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

Commissioners

Dr. Willie E. Spires, District 1 | Edward E. Crutchfield, District 2 | Chuck Lockey, District 3 | Jeremy Branch, District 4 | Kenneth Stephens, District 5

Ted Lakey, County Administrator

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

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

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

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

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

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

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

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

Sincerely,

Chuck Lockey
Chairman

Jackson County, Florida
Clerk of the Circuit Court

Special-Purpose Financial Statements

September 30, 2011

Jackson County, Florida
Clerk of the Circuit Court
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying special-purpose financial statements of the Jackson County, Florida, Clerk of the Circuit Court (the "Clerk") as of and for the year ended September 30, 2011, as listed in the table of contents. These special-purpose financial statements are the responsibility of management of the Clerk. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

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

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

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and remaining fund information as well as the fiduciary fund type of the Clerk as of September 30, 2011, and the respective changes in financial position, and the respective budgetary comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 27, 2012 on our consideration of the Clerk's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying information identified in the table of contents as a combining statement is presented for purposes of additional analysis and is not a required part of the financial statements. The combining financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

March 27, 2012

Special-Purpose Financial Statements

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

September 30, 2011

	General Fund	Public Records Modernization Trust Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 145,399	$ 91,987	$ 237,386
Accounts receivable	7,850	55	7,905
Due from other funds	5,462	-	5,462
Total assets	$ 158,711	$ 92,042	$ 250,753
Liabilities			
Accounts payable and accrued expenses	$ 26,038	$ -	$ 26,038
Due to Board of County Commissioners	99,064	-	99,064
Deferred revenue	33,609	-	33,609
Total liabilities	158,711	-	158,711
Fund balances			
Restricted	-	92,042	92,042
Total liabilities and fund balances	$ 158,711	$ 92,042	$ 250,753

See accompanying notes to financial statements.

Jackson County, Florida
Clerk of the Circuit Court
Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the year ended September 30, 2011

	General Fund	Public Records Modernization Trust Fund	Total Governmental Funds
Revenues			
Intergovernmental	$ 982,365	$ -	$ 982,365
Charges for services	308,170	87,097	395,267
Fines and forfeitures	-	49,717	49,717
Grants	98,806	-	98,806
Total revenues	1,389,341	136,814	1,526,155
Expenditures			
Current:			
General government	796,788	15,180	811,968
Court-related	918,627	115,019	1,033,646
Total expenditures	1,715,415	130,199	1,845,614
Excess (deficiency) of revenues over (under) expenditures	(326,074)	6,615	(319,459)
Other financing sources (uses)			
Transfers in	488,876	-	488,876
Transfers out	(99,064)	-	(99,064)
Transfers to State of Florida	(63,738)	-	(63,738)
Net other financing sources (uses)	326,074	-	326,074
Net change in fund balances	-	6,615	6,615
Fund balances - beginning	-	85,427	85,427
Fund balances - ending	$ -	$ 92,042	$ 92,042

See accompanying notes to financial statements.

Jackson County, Florida
Clerk of the Circuit Court
Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund

For the year ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Intergovernmental	$ 1,012,000	$ 1,012,000	$ 982,365	$ (29,635)
Charges for services	312,660	312,660	308,170	(4,490)
Grants	92,000	92,000	98,806	6,806
Total revenues	1,416,660	1,416,660	1,389,341	(27,319)
Expenditures				
Current				
General government	686,976	686,976	796,788	(109,812)
Court-related	997,436	997,436	918,627	78,809
Reserve for contingency	221,124	221,124	-	221,124
Total expenditures	1,905,536	1,905,536	1,715,415	190,121
Excess (deficiency) of revenues over (under) expenditures	(488,876)	(488,876)	(326,074)	162,802
Other financing sources (uses)				
Transfers in	488,876	488,876	488,876	-
Transfers out	-	-	(99,064)	(99,064)
Transfers to State of Florida	-	-	(63,738)	(63,738)
Net other financing sources (uses)	488,876	488,876	326,074	(162,802)
Net change in fund balance	$ -	$ -	$ -	$ -

See accompanying notes to financial statements.

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

September 30, 2011

		Agency Funds
Assets		
Cash and cash equivalents	$	211,174
Due from other governmental units		40
Total assets	$	211,214
Liabilities		
Due to other funds	$	5,462
Due to others		205,752
Total liabilities	$	211,214

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Jackson County Clerk of Circuit Court (Clerk) is an integral part of Jackson County, Florida and is an elected Constitutional Officer who is governed by state statutes and regulations. The financial statements of the Clerk are included in Jackson County, Florida's basic financial statements. The Clerk operates on a fee and budgetary system. Under the fee system, the officer retains fees, commissions, and other revenue to pay all operating expenditures, including statutory compensation. Under the budgetary system, appropriated funds are received from the Board of County Commissioners and any unexpended appropriations are remitted to the Board of County Commissioners after the end of the fiscal year. The receipts from the Board are recorded as other financing sources on the Clerk's financial statements and as other financing uses on the Board's financial statements. As of July 1, 2009, the Clerk began to receive appropriated funds from the State of Florida to fund court-related activities. The receipts from the State are recorded as intergovernmental revenue on the Clerk's financial statements. The Clerk's special-purpose financial statements do not purport to reflect the financial position or the results of operations of Jackson County, Florida taken as a whole.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

In preparing these financial statements the following is reported as a major governmental fund:

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

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

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

The Clerk also reported the following fund type:

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

Measurement Focus

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

Basis of Accounting

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Budgetary Requirements
Government fund revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with the Florida Statutes. An annual budget is adopted for the general fund. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized amendments of the annual budget for the year. Budgets are prepared on the modified accrual basis of accounting.

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

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

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

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

Furniture, machinery, and equipment	3-30 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accumulated Compensated Absences

Permanent full-time employees of the Clerk are entitled to accrue sick leave hours based on pay periods worked, with a limit on total hours accrued being 900 hours. Vacation time is earned depending on the length of employment, with a limit of 225 hours. Upon separation from employment, employees can be paid for unused sick leave and annual leave in accordance with personnel policy.

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

Fund Balance Reporting and Governmental Fund-Type Definitions

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

Due to Others

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

Risk Management

The Clerk is covered under the Board of County Commissioners insurance policies. The Board insures itself against losses from casualty, accident and dishonesty by purchasing insurance through a local insurance agency. The Board believes the level of insurance purchased is adequate to protect against material loss. No significant changes in coverage or claims have been made in the last year.

Management Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

Subsequent Events

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

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2011, the carrying amount of the Clerk's deposits was $448,560 and the bank balance was $712,063. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

The Clerk's investment practices are governed by Chapter 218.415 of the Florida Statutes. The Clerk is authorized to invest in certificates of deposit, money market certificates, obligations of the US Treasury, mutual funds and repurchase agreements collateralized by U.S. Government securities, and the Local Government Surplus Trust Fund. The Clerk did not have any investments at September 30, 2011.

Credit Risk
At September 30, 2011, the Clerk did not hold any investments.

Interest Rate Risk
At September 30, 2011, the Clerk did not hold any investments.

Custodial Credit Risk
As of September 30, 2011, the Clerk did not hold any deposits that were considered to have to custodial credit risk.

Concentration of Credit Risk
At September 30, 2011, the Clerk did not hold any investments.

NOTE 3 - LONG-TERM LIABILITIES

The Clerk's long-term liabilities are reported in the statement of net assets in the County's financial statements.

Long-term liability activity for the year ended September 30, 2011, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Compensated absences	$ 44,456	$ 2,363	$ -	$ 46,819	$ -
Total	$ 44,456	$ 2,363	$ -	$ 46,819	$ -

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

NOTE 4 - EMPLOYEE PENSION PLAN

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

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

NOTE 4 - EMPLOYEE PENSION PLAN (CONTINUED)

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

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

	10/01/10 Through 06/30/11	07/01/11 Through 09/30/11
Regular employees	10.77%	4.91%
Senior management	14.57%	6.27%
Elected county officials' class	18.64%	11.14%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2010 through September 30, 2011, the total payroll for all employees was $1,288,360. The retirement contributions for all employees covered by the System for the years ended September 30, 2011, 2010 and 2009 were $134,887, $125,325 and $126,724 which were the required contributions. For the year ended September 30, 2011 retirement contributions represented 10.47% of covered payroll.

NOTE 5 - DEFERRED REVENUE

During the year, the Clerk received funds from the State of Florida for court-related activities which are unearned until expended. As of September 30, 2011, the amounts received and unearned are in the amount of $33,609.

NOTE 6 - FUND EQUITY

Spendable fund balances are classified based on a hierarchy of the Clerk's ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ending September 30, 2011, 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.

NOTE 6 – FUND EQUITY (CONTINUED)

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

Funds	Purpose	
Public Records Modernization Trust Fund	Funding for:	
	Modernization of Public Records	$ 10,463
	Court-related technology	27,999
	Court-related operational needs and program enhancements	53,580
	Total restricted fund equity	$ 92,042

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 $98,806.

NOTE 8 - EXCESS REVENUES

Pursuant to Section 218.36(2), Florida Statutes, each County Officer shall pay into the county general fund all money in excess of the sum to which he or she is entitled under the provisions of Chapter 145. Excess revenues over expenditures were recorded as a transfer out to the Board of County Commissioners in the amount of $99,064 as of September 30, 2011.

Pursuant to Section 28.37(2), Florida Statutes, the Clerk of the Courts is required to remit all court-related fines, fees, service charges and costs to the Department of Revenue for deposit into the Clerks of the Court Trust Fund within the Justice Administrative Commission. Effective July 1, 2009, all fees, service charges, court costs, and fines collected are to be remitted to the Florida Department of Revenue (DOR) on a monthly basis and funding for the Clerk's court operations will be provided by the Justice Administrative Commission. One twelfth of the approved budget will be sent to the Clerk on a monthly basis. Excess revenue over expenditures at June 30th of each year will be sent to DOR. Excess court revenues for the period July 1, 2010 through June 30, 2011 totaled $63,738 and were remitted to DOR as of August 12, 2011.

NOTE 9 - LITIGATION AND CONTINGENT LIABILITIES

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

Supplementary Information

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

September 30, 2011

	Fine and Forfeiture	Jury and Witness	Suspense	Cash Bonds	Registry	Intangible Tax Fund	Documentary Stamp Fund	Total
Assets								
Cash and cash equivalents	$ 551	$ 13,478	$ 81,548	$50,909	$59,226	$ 867	$ 4,595	$ 211,174
Due from other governmental units	-	-	40	-	-	-	-	40
Total assets	$ 551	$ 13,478	$ 81,588	$50,909	$59,226	$ 867	$ 4,595	$ 211,214
Liabilities								
Due to other funds	$ -	$ -	$ -	$ -	$ -	$ 867	$ 4,595	$ 5,462
Due to others	551	13,478	81,588	50,909	59,226	-	-	205,752
Total liabilities	$ 551	$ 13,478	$ 81,588	$50,909	$59,226	$ 867	$ 4,595	$ 211,214

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

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

We have audited the special-purpose financial statements of the Jackson County, Florida, Clerk of the Circuit Court (the "Clerk") as of and for the year ended September 30, 2011, and have issued our report thereon dated March 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

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

March 27, 2012

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INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards,* which is dated March 27, 2012, and should be considered in conjunction with this management letter.

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

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

- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Jackson County, Florida, Clerk of the Circuit Court complied with Section 218.415, Florida Statutes.

- Section 10.554(1)(i)3, Rules of the Auditor General, requires that we address in the management letter any findings and recommendations that improve financial management. In connection with our audit, we did not have any such recommendations.

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

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but, more than inconsequential. In connection with our audit, we did not have any such findings.

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

- Section 10.554(1)(i)6, Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Jackson County, Florida, Clerk of the Circuit Court was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Jackson County, Florida, Clerk of the Circuit Court.

- Section 10.554(1)(i)8., Rules of the Auditor General, requires a statement as to whether or not the Clerk of Court complied with Section 28.35, Florida Statutes, regarding the budget and performance standards certified by the Florida Clerk of Courts Operations Corporation. In connection with our audit, we determined that the Clerk complied with the budget and performance standards pursuant to Section 28.35, Florida Statutes.

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

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

March 27, 2012

Jackson County, Florida
Property Appraiser

Special-Purpose Financial Statements

September 30, 2011

Jackson County, Florida
Property Appraiser
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September 30, 2011

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INDEPENDENT AUDITORS' REPORT

To the Honorable Sharon Cox
Property Appraiser of Jackson County, Florida
Marianna, Florida

We have audited the accompanying special-purpose financial statements of the Jackson County, Florida, Property Appraiser (the "Property Appraiser") as of and for the year ended September 30, 2011, as listed in the table of contents. These special-purpose financial statements are the responsibility of management of the Property Appraiser. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

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

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

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Property Appraiser as of September 30, 2011, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Honorable Sharon Cox
Property Appraiser of Jackson County, Florida
Marianna, Florida

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2012, on our consideration of the Property Appraiser's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

May 23, 2012

Special-Purpose Financial Statements

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

September 30, 2011

		General Fund
Assets		
Cash	$	43,210
Total assets	$	43,210
Liabilities		
Accounts payable and accrued expenses	$	16,263
Due to Board of County Commissioners		26,947
Total liabilities		43,210
Fund balance		-
Total liabilities and fund balance	$	43,210

See accompanying notes to financial statements.

Jackson County, Florida
Property Appraiser
Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds

For the year ended September 30, 2011

		General Fund
Revenues		
Charges for services	$	4,071
Investment earnings		2
Total revenues		4,073
Expenditures		
Current:		
General government		865,344
Capital Outlay		18,428
Total expenditures		883,772
Excess (deficiency) of revenues over (under) expenditures		(879,699)
Other financing sources (uses)		
Transfers in		906,646
Transfers out		(26,947)
Net other financing sources (uses)		879,699
Net change in fund balance		-
Fund balance - beginning		-
Fund balance - ending	$	-

See accompanying notes to financial statements.

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

For the year ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
Expenditures				
Current:				
General government	$ 887,646	$ 887,646	$ 861,271	$ 26,375
Capital outlay	19,000	19,000	18,428	572
Total expenditures	906,646	906,646	879,699	26,947
Excess (deficiency) of revenues over (under) expenditures	(906,646)	(906,646)	(879,699)	26,947
Other financing sources (uses)				
Transfer in	906,646	906,646	906,646	-
Transfer out	-	-	(26,947)	(26,947)
Net other financing sources (uses)	906,646	906,646	879,699	(26,947)
Net change in fund balance	$ -	$ -	$ -	$ -

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Jackson County Property Appraiser's office is an agency of Jackson County, Florida, which is a political subdivision of the State of Florida. The County was established on August 12, 1822, by the First Session of the Territorial Legislative Council. Jackson County, Florida is governed by an elected Board of County Commissioners ("Board"), which derives its authority by the County Charter, Florida State Statutes and regulations. In addition to the members of the Board, there are five elected Constitutional Officers: Clerk of Courts, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections. The Constitutional Officers maintain separate accounting records and budgets.

The accompanying financial statements present the financial position and results of operations of the various fund types for all the funds controlled by the Jackson County Property Appraiser's Office.

The Jackson County, Florida, Property Appraiser (the "Property Appraiser") is a separately elected County official established pursuant to the Constitution of the State of Florida. The Property Appraiser's special-purpose financial statements do not purport to reflect the financial position or the results of operations of Jackson County, Florida taken as a whole.

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

In preparing these financial statements, the following is reported as a major governmental fund:

> **General Fund** - The general fund is the general operating fund of the Property Appraiser. It is used to account for all financial resources, except those required to be accounted for in another fund.

Measurement Focus

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

Basis of Accounting

Basis of accounting refers to the point at which revenues and expenditures are recognized in the accounts and reported in the general fund financial statements and refers to the timing of the measurements made, regardless of the measurement focus applied.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Requirements

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

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

	Total Expenditures	Total Revenue
GAAP basis	$ 883,772	$ 883,772
Non-budgeted revenues and expenditures:		
Revenues other than appropriations from the Board of County Commissioners and related expenditures	(4,073)	(4,073)
Budgetary basis	$ 879,699	$ 879,699

Cash and Cash Equivalents

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

Capital Assets and Depreciation

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

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

Furniture, machinery, and equipment	3-30 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accumulated Compensated Absences

Permanent full-time employees of the Property Appraiser are entitled to accrue sick leave and vacation time related to the length of employment with the Property Appraiser's office. The vacation time must be taken during the calendar year earned. Upon separation from employment, employees can be paid for unused sick leave and annual leave in accordance with personnel policy.

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

Risk Management and Insurance

The Property Appraiser is covered under the Board of County Commissioners insurance policies. The Board insures itself against losses from casualty, accident and dishonesty by purchasing insurance through a local insurance agency. The Board believes the level of insurance purchased is adequate to protect against material loss. No significant changes in coverage or claims have been made during the current year.

Management Estimates and Assumptions

The preparation of financial statements in conformity with general accepted accounting principles requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

Subsequent Events

The Property Appraiser has evaluated subsequent events through the date of the Auditors' Report.

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2011, the carrying amount of the Property Appraiser's cash and cash equivalents was $43,210 and the bank balance was $65,676. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Act. Provisions of the Act require that public deposit may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

Credit Risk
At September 30, 2011, the Property Appraiser did not hold any deposits or investments that were considered to have credit risk.

Interest Rate Risk
At September 30, 2011, the Property Appraiser did not hold any investments that were considered to have interest rate risk.

Custodial Credit Risk
At September 30, 2011, the Property Appraiser did not hold any deposits or investments that were considered to have custodial risk.

Concentration of Credit Risk
At September 30, 2011, the Property Appraiser did not hold any investments that were considered to have concentration of credit risk.

NOTE 3 - LONG-TERM LIABILITIES

The Property Appraiser's long-term liabilities are reported in the statement of net assets in the County's financial statements.

Liability activity for the year ended September 30, 2011, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Compensated absences	$ 19,923	$ 4,431	$ -	$ 24,354	$ -
Total	$ 19,923	$ 4,431	$ -	$ 24,354	$ -

NOTE 3 - LONG-TERM LIABILITIES (CONTINUED)

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

NOTE 4 - EMPLOYEE BENEFITS

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

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

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

	10/01/10 Through 6/30/11	07/01/11 Through 09/30/11
Regular class	10.77%	4.91%
Senior management	14.57%	6.27%
Elected county officials' class	18.64%	11.14%

NOTE 4- EMPLOYEE BENEFITS (CONTINUED)

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. Total payroll for the Property Appraiser employees covered by the Florida Retirement System was $566,871 at September 30, 2011. The Property Appraiser's contribution to the plan for the years ended September 30, 2011, 2010, and 2009 was $57,719, $76,511, and $64,355, which were the required contributions. For the year ended September 30, 2011 retirement contributions represent 10.18% of covered payroll.

NOTE 5 - EXCESS REVENUE

Pursuant to Section 218.36(2), Florida Statutes, each County Officer shall pay into the County general fund all money in excess of the sum to which he or she is entitled under the provisions of Chapter 145. For the year ending September 30, 2011, excess revenues over expenditures of $26,947 are accrued and reported as transfers out to the Board of County Commissioners.

Supplementary Information

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

To the Honorable Sharon Cox
Property Appraiser of Jackson County, Florida
Marianna, Florida

We have audited the special-purpose financial statements of the Jackson County, Florida, Property Appraiser (the "Property Appraiser") as of and for the year ended September 30, 2011, and have issued our report thereon dated May 23, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, as discussed below in comment PA06-01, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Honorable Sharon Cox
Property Appraiser of Jackson County, Florida
Marianna, Florida

PRIOR YEAR FINDING AND RECOMMENDATION

Need for Segregation of Duties PA06-01

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

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

STATUS: This condition continues to exist.

Compliance and Other Matters

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

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

The report is intended for the information of the Jackson County, Florida, Property Appraiser, the Board of County Commissioners, and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

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

May 23, 2012

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INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Sharon Cox
Property Appraiser of Jackson County, Florida
Marianna, Florida

We have audited the accompanying financial statements of the Jackson County, Florida, Property Appraiser (the Property Appraiser), as of and for the year ended September 30, 2011, and have issued our report thereon dated May 23, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated May 23, 2012. Disclosures in that report, if any, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida, and unless otherwise required to be reported in the report on compliance and internal controls, this letter is required to include the following information.

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report as noted in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters.

- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Jackson County, Florida, Property Appraiser complied with Section 218.415, Florida Statutes.

- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations that improve financial management. In connection with our audit, we did not have any such recommendations.

To the Honorable Sharon Cox
Property Appraiser of Jackson County, Florida
Marianna, Florida

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse that an effect on the financial statements that is less than material, but, more than inconsequential. In connection with our audit, we did not have any such findings.

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

- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This item was disclosed in the notes to the financial statements.

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

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

May 23, 2012

Sharon Cox, CFA
Jackson County Property Appraiser
Post Office Box 1526
Marianna, Florida 32447

Certified Florida Appraiser

"WE ARE HERE TO SERVE YOU"

PHONE: 850--482-9646
SUNCOM: 789-9646
FAX: 482-9036

May 24, 2012

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

To Whom It May Concern:

We are in receipt of the Jackson County Property Appraiser's audit report for the fiscal year ending September 30, 2011. In response to the internal control and compliance report the following applies:

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

Thank you for your assistance during the audit.

Sincerely,

Sharon Cox, CFA
Jackson County Property Appraiser

Appraiser's Responsibility - By state law, it is the responsibility of the Appraiser to locate, identify, and appraise, based upon current market value, all property subject to ad valorem taxes, maintain tax roll equity and process allowable exemptions. The appraiser has no jurisdiction or responsibility for area budgets, tax rates, special assessments or amounts of taxes paid. These matters are handled by the various taxing authorities performing services, such as the County Commission, City Councils, School Board and other taxing districts.

Jackson County, Florida
Sheriff

Special-Purpose Financial Statements

September 30, 2011

Jackson County, Florida
Sheriff
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying special-purpose financial statements of the Jackson County, Florida, Sheriff (the "Sheriff") as of and for the year ended September 30, 2011, as listed in the table of contents. These special-purpose financial statements are the responsibility of management of the Sheriff. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

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

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

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the fiduciary fund type of the Sheriff as of September 30, 2011, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Honorable Louis S. Roberts, III
Sheriff of Jackson County, Florida
Jackson County, Florida

In accordance with *Government Auditing Standards*, we have also issued a report dated June 8, 2012, on our consideration of the Sheriff's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying information identified in the table of contents as a combining statement is presented for purposes of additional analysis and is not a required part of the financial statements. The combining financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

June 8, 2012

Special-Purpose Financial Statements

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

September 30, 2011

	General Fund	Contraband Forfeitures	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	$ 227,204	$ 375,413	$ 38,048	$ 640,665
Due from other governmental units	-	-	16,538	16,538
Total assets	$ 227,204	$ 375,413	$ 54,586	$ 657,203
Liabilities				
Accounts payable and accrued expenses	$ 169,958	$ -	$ -	$ 169,958
Due to Board of County Commissioners	57,246	-	-	57,246
Deferred revenue	-	-	24,201	24,201
Total liabilities	227,204	-	24,201	251,405
Fund balances				
Restricted	-	375,413	30,385	405,798
Total liabilities and fund balances	$ 227,204	$ 375,413	$ 54,586	$ 657,203

See accompanying notes to financial statements.

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

For the year ended September 30, 2011

	General Fund	Contraband Forfeitures	Other Governmental Funds	Total Governmental Funds
Revenues				
Fines and forfeitures	$ -	$ 128,753	$ -	$ 128,753
Grants	-	-	99,827	99,827
Investment earnings	-	1,980	4	1,984
Other fees and miscellaneous revenues	-	-	27,203	27,203
Total revenues	-	130,733	127,034	257,767
Expenditures				
Current:				
Public safety	4,340,103	10,820	116,501	4,467,424
Capital outlay	75,318	24,000	9,372	108,690
Debt service				
Principal	90,351	-	-	90,351
Interest	4,607	-	-	4,607
Total expenditures	4,510,379	34,820	125,873	4,671,072
Excess (deficiency) of revenues over (under) expenditures	(4,510,379)	95,913	1,161	(4,413,305)
Other financing sources (uses)				
Transfers in	4,567,625	-	-	4,567,625
Transfers out	(57,246)	(181,795)	-	(239,041)
Net other financing sources (uses)	4,510,379	(181,795)	-	4,328,584
Net change in fund balances	-	(85,882)	1,161	(84,721)
Fund balances - beginning	-	461,295	29,224	490,519
Fund balances - ending	$ -	$ 375,413	$ 30,385	$ 405,798

See accompanying notes to financial statements.

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

For the year ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Expenditures				
Current:				
Public safety	4,388,780	4,388,780	4,340,103	48,677
Capital outlay	88,494	88,494	75,318	13,176
Debt service	90,351	90,351	90,351	-
Interest	-	-	4,607	(4,607)
Total expenditures	4,567,625	4,567,625	4,510,379	57,246
Excess (deficiency) of revenues over (under) expenditures	(4,567,625)	(4,567,625)	(4,510,379)	57,246
Other financing sources (uses)				
Transfers in	4,567,625	4,567,625	4,567,625	-
Transfers out	-	-	(57,246)	(57,246)
Total other financing sources	4,567,625	4,567,625	4,510,379	(57,246)
Net change in fund balance	$ -	$ -	$ -	$ -

See accompanying notes to financial statements.

Jackson County, Florida
Sheriff
Special-Purpose Statement of Fiduciary Net Assets
Agency Funds

September 30, 2011

		Agency Funds
Assets		
Cash	$	42,402
Total assets	$	42,402
Liabilities		
Due to others	$	42,402
Total liabilities	$	42,402

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Jackson County Sheriff's office is an agency of Jackson County, Florida, which is a political subdivision of the State of Florida. The County was established on August 12, 1822, by the First Session of the Territorial Legislative Council. Jackson County, Florida is governed by an elected Board of County Commissioners ("Board"), which derives its authority by the County Charter, Florida State Statutes and regulations. In addition to the members of the Board, there are five elected Constitutional Officers: Clerk of Courts, Sheriff, Tax Collectors, Property Appraiser and Supervisor of Elections. The Constitutional Officers maintain separate accounting records and budgets.

The accompanying financial statements present the financial position and results of operations of the various fund types for all the funds controlled by the Jackson County, Florida Sheriff's Office.

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

Entity status for financial reporting is governed by Statement No. 14 of the Governmental Accounting Standards Board (GASB). Although the Sheriff's office is operationally autonomous from the Board of County Commissioners ("the Board"), it does not hold sufficient corporate powers of its own to be considered a legally separate entity for financial reporting purposes. Therefore, the Sheriff is reported as part of the primary government of Jackson County, Florida.
These special-purpose financial statements are not intended to be a complete presentation of the financial position and results of operations of Jackson County, Florida taken as a whole. As permitted by Chapter 10.556(5), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the *fund level* financial statements as defined in GASB No. 34, and do not include presentations of *government-wide* financial statements of the Sheriff.

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

Basis of Presentation

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In preparing these financial statements the following are reported as major governmental funds:

General Fund - The General Fund is used to account for all revenue and expenditures applicable to the general operations of the Sheriff that are not required either legally or by generally accepted accounting principles to be accounted for in another fund.

Contraband Forfeitures Fund - Accounts for revenues and expenses relating to various forfeitures and seizures received through efforts of the drug task force.

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

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

Anti-Drug Abuse Grant - Accounts for revenues and expenditures of the drug task force grant.

Operation Undertake Grant - Accounts for the reimbursement to the Sheriff’s Department and other related departments for overtime and other investigative expenses. The grant was awarded for specific drug investigation.

Local Law Enforcement Fund - Accounts for revenues and expenditures relating to various equipment grants.

The Sheriff also reported the following fund type:

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of accounting refers to the timing of the measurements made, regardless of the measurement focus applied.

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Furniture, machinery, and equipment	3-30 years

Accumulated Compensated Absences
Permanent full-time employees of the Sheriff are entitled to earn vacation and sick time depending on the length of employment. Upon separation of employment, employees can be paid up to 160 hours vacation time and portion of unused sick time, with the payment of unused sick time being subject to various criteria.

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

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

Risk Management and Insurance
The Sheriff participates in the Florida Sheriff Self-Insurance Fund, which is considered a public entity risk pool which purchases insurance policies on behalf of its members. The pool's members are not obligated for risk associated with such coverage. Coverage under these programs includes general liability, automobiles and money and securities coverage. The Sheriff provides for workers' compensation coverage through the Board. A separate insurance policy is carried for the aircraft.

In addition, the Sheriff participates in the Florida Self-Insurance Fund for risks related to professional liability and public officials' coverage. The funding agreement provides that the liability fund will be self-sustaining through member premiums and that it will reinsure through commercial companies. Aggregate coverage provided by the liability fund is $3,500,000 for professional liability and $3,500,000 for public officials' coverage.

Management Estimates and Assumptions
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

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

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2011, the carrying amount of the Sheriff's cash and cash equivalents and restricted cash was $683,067 and the bank balance was $735,103. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis. Florida Statutes authorize the Sheriff to invest in certificates of deposit, repurchase agreements and the State Treasurer's Investment Pool. In addition, the statutes allow the Sheriff to invest in bonds, notes or other obligations of the United States Government, certain bonds of any state or local government unit, and bonds issued by certain government agencies.

Credit Risk

At September 30, 2011, the Sheriff did not hold any deposits or investments that were considered to have credit risk.

Interest Rate Risk

At September 30, 2011, the Sheriff did not hold any investments that were considered to have interest rate risk.

Custodial Credit Risk

At September 30, 2011, the Sheriff did not hold any deposits or investments that were considered to have custodial credit risk.

Concentration of Credit Risk

At September 30, 2011, the Sheriff did not hold any investments that were considered to have concentration of credit risk.

NOTE 3 - DUE FROM OTHER GOVERNMENTS

Due from other governments consisted of amounts due from State of Florida earned but not received as of September 30, 2011.

NOTE 4 - LONG-TERM LIABILITIES

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

Long-term liabilities activity for the year ended September 30, 2011, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Notes payable	$ 90,351	$ -	$ 90,351	$ -	$ -
Compensated absences	356,935	39,525	-	396,460	-
Total	$ 447,286	$ 39,525	$ 90,351	$ 396,460	$ -

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

NOTE 5 - EMPLOYEE PENSION PLAN

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

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

NOTE 5 - EMPLOYEE PENSION PLAN – (CONTINUED)

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

	10/01/10 Through 06/30/11	07/01/11 Through 9/30/11
Regular employees	10.77%	4.91%
Senior management	14.57%	6.27%
Elected county officials	18.64%	11.14%
Special risk employees	23.25%	14.10%
DROP participants	12.25%	4.42%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. For the period October 1, 2010 through September 30, 2011, the total payroll for all employees was $2,844,836. The retirement contributions for all employees covered by the System for the years ended September 30, 2011, 2010 and 2009 were $486,974, $501,902 and $ 481,855 which were the required contributions. For the year ended September 30, 2011 retirement contributions represented 17.12% of covered payroll.

NOTE 6 - GRANTS

The Sheriff participates in several state and federal grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended September 30, 2011, as well as prior years, have not been yet been accepted/approved by the grantors. Accordingly, the final determination of the Sheriff's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined, although the Sheriff expects such amounts, if any, to be immaterial.

NOTE 7 - LITIGATION AND CONTINGENT LIABILITIES

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

NOTE 8 - BUDGET

Budgets were not prepared for the various special revenue funds.

NOTE 9 - EXCESS REVENUES

Pursuant to Section 218.36(2), Florida Statutes, each County Officer shall pay into the county general fund all money in excess of the sum to which he or she is entitled under the provisions of Chapter 145. Excess revenues over expenditures returned to the Board of County Commissioners as required by Florida Statutes are accrued and reported as a transfer out. For the year ending September 30, 2011, excess revenues over expenditures of $57,246 are accrued and reported as transfers out to the Board of County Commissioners.

NOTE 10 - FUND EQUITY

Spendable fund balances are classified based on a hierarchy of the Sheriff's ability to control the spending of these fund balances and are reported in the following categories: restricted, committed, assigned and unassigned. For the year ending September 30, 2011, the Sheriff reports net assets as restricted. Restricted net assets have externally imposed constraints placed on the use of resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Assigned net assets have constraints placed on the use of resources by the Sheriff's intent to use the resources for specific purposes. Unassigned fund balances have not been restricted, committed or assigned to specific purposes within the general fund.

Supplementary Information

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

September 30, 2011

	Anti-Drug Abuse Grant	Operation Undertaker Grant	Local Law Enforcement	Total Nonmajor Governmental Funds
Assets				
Cash	$ 13,847	$ 13,930	$ 10,271	$ 38,048
Due from other governments	16,538	-	-	16,538
Total assets	$ 30,385	$ 13,930	$ 10,271	$ 54,586
Liabilities				
Deferred revenue	$ -	$ 13,930	$ 10,271	$ 24,201
Total liabilities	-	13,930	10,271	24,201
Fund balances				
Restricted	30,385	-	-	30,385
Total liabilities and fund balances	$ 30,385	$ 13,930	$ 10,271	$ 54,586

Jackson County, Florida
Sheriff
Combining Statement of Revenues, Operating Transfers, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds
All Special Revenue Funds

For the year ended September 30, 2011

	Anti-Drug Abuse Grant	Operation Undertaker Grant	Local Law Enforcement	Total Nonmajor Governmental Funds
Revenues				
Grants	$ 57,501	$ 8,111	$ 34,215	$ 99,827
Investment earnings	-	-	4	4
Other fees and miscellaneous revenues	25,736	-	1,467	27,203
Total revenues	83,237	8,111	35,686	127,034
Expenditures				
Current:				
Public safety	72,704	8,111	35,686	116,501
Capital outlay	9,372	-	-	9,372
Total expenditures	82,076	8,111	35,686	125,873
Net change in fund balances	1,161	-	-	1,161
Fund balances - beginning	29,224	-	-	29,224
Fund balances - ending	$ 30,385	$ -	$ -	$ 30,385

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

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

We have audited the special-purpose financial statements of the Jackson County, Florida; Sheriff (the "Sheriff") as of and for the year ended September 30, 2011, and have issued our report thereon dated June 8, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Jackson County, Florida, Sheriff's special-purpose financial statements will not be prevented, or detected and corrected on a timely basis. As described below, we consider the deficiency SH06-01 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

PRIOR YEAR COMMENT

Need for Segregation of Duties – SH06-01

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

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

STATUS: This condition continues to exist.

Compliance and Other Matters

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

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

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

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

June 8, 2012

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INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

We have audited the accompanying financial statements of the Jackson County, Florida, Sheriff (the Sheriff), as of and for the year ended September 30, 2011, and have issued our report thereon dated June 8, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated June 8, 2012 Disclosures in that report, if any, should be considered in conjunction with this management letter.

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

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

- Section 10.554(1)(i)2., Rules of the Auditor General, require our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Jackson County, Florida, Sheriff complied with Section 218.415, Florida Statutes.

- Section 10.554(1)(i)3., Rules of the Auditor General, require that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

- Section 10.554(1)(i)4., Rules of the Auditor General, require that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material, but, more than inconsequential. In connection with our audit, we did not have any such findings.

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

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

- Section 10.554(1)(i)6., Rules of the Auditor General, require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Jackson County, Florida, Sheriff was established by the Constitution of the State of Florida, Article VIII, Section 1(d). There were no component units related to the Jackson County, Florida, Sheriff.

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

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

June 8, 2012

LOUIS S. ROBERTS III
Sheriff
Jackson County

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June 18, 2012

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

Dear Auditor General Martin,

We have received the audit report for the Office of Sheriff, Jackson County Florida for the fiscal year ending September 30, 2011. We have reviewed the Management Letter included in the report. Concerning the items noted in the Management letter, the following response is:

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

In past years only one person held all responsibilities of the accounting and payroll for the Sheriff's Office. In 1997 we were awarded another person to segregate the duties more than in the past by the Board of Commissioners. The Sheriff has also assigned the task of approving all bills to the Major before they are paid. Both Sheriff Roberts and Major Branch receive a copy of our Budget Position Analysis each month and Major Branch reviews all bank statements. Due to budgetary decreases no new administrative staff positions are expected to be granted by the Board of Commissioners.

Sincerely,

Louis S. Roberts III, Sheriff
Jackson County Florida

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

cc: Carr, Riggs, and Ingram, LLC

Jackson County, Florida
Supervisor of Elections

Special-Purpose Financial Statements

September 30, 2011

Jackson County, Florida
Supervisor of Elections
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying special-purpose financial statements of the Jackson County, Florida, Supervisor of Elections (the "Supervisor of Elections") as of and for the year ended September 30, 2011, as listed in the table of contents. These special-purpose financial statements are the responsibility of management of the Supervisor of Elections. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

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

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

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Supervisor of Elections as of September 30, 2011, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted (GAAP) in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated May 23, 2012 on our consideration of the Supervisor of Elections' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

May 23, 2012

Special-Purpose Financial Statements

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

September 30, 2011

		General Fund
Assets		
Cash and cash equivalents	$	27,502
Total assets	$	27,502
Liabilities		
Accounts payable and accrued expenses	$	8,436
Due to Board of County Commissioners		11,106
Deferred revenue		7,960
Total liabilities		27,502
Fund balance		-
Total liabilities and fund balance	$	27,502

See accompanying notes to financial statements.

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

For the year ended September 30, 2011

	General Fund
Revenues	
Grants	$ 2,043
Investment earnings	1
Other fees and miscellaneous revenue	1,680
Total revenues	3,724
Expenditures	
Current:	
General government	416,524
Total expenditures	416,524
Excess (deficiency) of revenues over (under) expenditures	(412,800)
Other financing sources (uses)	
Transfers in	412,800
Net other financing sources (uses)	412,800
Net change in fund balance	-
Fund balance, beginning	-
Fund balance, ending	$ -

See accompanying notes to financial statements.

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

For the year ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Fund Budget Favorable (Unfavorable)
Revenues				
Grants	$ -	$ 10,000	$ 2,043	$ (7,957)
Investment earnings	50	50	1	(49)
Other fees and miscellaneous revenues	750	750	1,680	930
Total revenues	800	10,800	3,724	(7,076)
Expenditures				
Current:				
General government	443,487	453,487	416,524	36,963
Total expenditures	443,487	453,487	416,524	36,963
Excess (deficiency) of revenues over (under) expenditures	(442,687)	(442,687)	(412,800)	29,887
Other financing sources (uses)				
Transfer in	442,687	442,687	412,800	(29,887)
Net other financing sources (uses)	442,687	442,687	412,800	(29,887)
Net change in fund balance	$ -	$ -	$ -	$ -

See accompanying note to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Jackson County Supervisor of Elections' office is an agency of Jackson County, Florida, which is a political subdivision of the State of Florida. The County was established on August 12, 1822, by the First Session of the Territorial Legislative Council. Jackson County, Florida is governed by an elected Board of County Commissioners ("Board"), which derives its authority by the County Charter, Florida State Statutes and regulations. In addition to the members of the Board, there are five elected Constitutional Officers: Clerk of Courts, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections. The Constitutional Officers maintain separate accounting records and budgets.

The accompanying financial statements present the financial position and results of operations of the various fund types for all the funds controlled by the Jackson County Supervisor of Elections' Office.

The Jackson County, Florida, Supervisor of Elections (the "Supervisor of Elections") is a separately elected County official established pursuant to the Constitution of the State of Florida. The Supervisor of Elections' special-purpose financial statements do not purport to reflect the financial position or the results of operations of Jackson County, Florida taken as a whole.

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

In preparing these financial statements, the following is reported as a major governmental fund:

> **General Fund** - The general fund is the general operating fund and grant activity of the Supervisor of Elections. It is used to account for all financial resources, except those required to be accounted for in another fund.

Measurement Focus

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

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the general fund financial statements and refers to the timing of the measurement made, regardless of the measurement focus applied.

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

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

Cash and Cash Equivalents

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets and Depreciation

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

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

Furniture, machinery, and equipment	3-30 years

Accumulated Compensated Absences

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

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

Budgetary Requirements

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

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

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

Risk Management and Insurance

The Supervisor of Elections is covered under the Board of County Commissioners insurance policies. The Board insures itself against losses from casualty, accident and dishonesty by purchasing insurance through a local insurance agency. The Board believes the level of insurance purchased is adequate to protect against material loss. No significant changes in coverage or claims have been made during the current year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

Subsequent Events

The Supervisor of Elections has evaluated subsequent events through the date of the Auditors' Report.

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2011, the carrying amount of the Supervisor of Elections' cash and cash equivalents was $27,502 and the bank balance was $27,502. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositories are assessed additional amounts, they are assessed on a pro-rata basis.

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

Credit Risk

At September 30, 2011, the Supervisor of Elections did not hold any deposits or investments that were considered to have credit risk.

Interest Rate Risk

At September 30, 2011, the Supervisor of Elections did not hold any investments that were considered to have interest rate risk.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

At September 30, 2011, the Supervisor of Elections did not hold any deposits or investments that were considered to have custodial risk.

Concentration of Credit Risk

At September 30, 2011, the Supervisor of Elections did not hold any investments that were considered to have concentration of credit risk.

NOTE 3 - LONG-TERM LIABILITIES

The Supervisor of Elections' long-term liabilities are reported in the statement of net assets in the County's financial statements.

Long-term liability activity for the year ended September 30, 2011, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Compensated absences	$ -	$ 18,610	$ -	$ 18,610	$ -
Total	$ -	$ 18,610	$ -	$ 18,610	$ -

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

NOTE 4 - EMPLOYEE BENEFITS

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

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

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

	10/01/10 Through 6/30/11	07/01/11 Through 09/30/11
Regular class	10.77%	4.91%
Senior management	14.57%	6.27%
Elected county officials' class	18.64%	11.14%

NOTE 4 - EMPLOYEE BENEFITS (CONTINUED)

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. Total payroll for the Supervisor of Elections' employees covered by the Florida Retirement System was $211,103 for the year ended September 30, 2011. The Supervisor of Elections' contribution to the plan for the years ended September 30, 2011, 2010 and 2009 was $27,688, $28,908 and $27,449. These contributions represent 13.12% of covered payroll for the year ended September 30, 2011.

NOTE 5 - EXCESS REVENUE

Pursuant to Section 218.36(2), Florida Statutes, each County Officer shall pay into the county general fund all money in excess of the sum to which he or she is entitled under the provisions of Chapter 145. There was no excess revenue in the current year.

Supplementary Information

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

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

We have audited the special-purpose financial statements of the Jackson County, Florida; Supervisor of Elections (the "Supervisor of Elections") as of and for the year ended September 30, 2011, and have issued our report thereon dated May 23, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

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

May 23, 2012

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INDEPENDENT AUDITORS' MANAGEMENT LETTER

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

We have audited the special-purpose financial statements of the Jackson County, Florida, Supervisor of Elections (the Supervisor of Elections) as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated May 23, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which are dated May 23, 2012, if any, should be considered in conjunction with this management letter.

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

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

- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Jackson County, Florida, Supervisor of Elections complied with Section 218.415, Florida Statutes.

- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations that improve financial management. In connection with our audit, we did not have any such recommendations.

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

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse that an effect on the financial statements that is less than material, but, more than inconsequential. In connection with our audit, we did not have any such findings.

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

- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This item was disclosed in the notes to the financial statements.

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

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

May 23, 2012

Jackson County, Florida
Tax Collector

Special-Purpose Financial Statements

September 30, 2011

Jackson County, Florida
Tax Collector
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INDEPENDENT AUDITORS' REPORT

To the Honorable Sherry Brown
Tax Collector of Jackson County, Florida
Marianna, Florida

We have audited the accompanying special-purpose financial statements of the Jackson County, Florida, Tax Collector (the "Tax Collector") as of and for the year ended September 30, 2011, as listed in the table of contents. These special-purpose financial statements are the responsibility of the management of the Tax Collector. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

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

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

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and fiduciary fund type of the Tax Collector as of September 30, 2011, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

To the Honorable Sherry Brown
Tax Collector of Jackson County, Florida
Marianna, Florida

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2012, on our consideration of the Tax Collector's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying information identified in the table of contents as a combining statement is presented for purposes of additional analysis and is not a required part of the financial statements. The combining financial statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

May 23, 2012

Special-Purpose Financial Statements

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

September 30, 2011

		General Fund
Assets		
Cash	$	118,047
Total assets	$	118,047
Liabilities		
Accounts payable and accrued expenses	$	84,958
Due to Board of County Commissioners		30,889
Total liabilities		115,847
Fund balance		2,200
Total liabilities and fund balance	$	118,047

See accompanying notes to financial statements.

Jackson County, Florida
Tax Collector
Special-Purpose Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds

For the year ended September 30, 2011

	General Fund
Revenues	
Charges for services	$ 426,060
Investment earnings	148
Total revenues	426,208
Expenditures	
Current:	
General government	1,057,063
Capital outlay	24,595
Total expenditures	1,081,658
Excess (deficiency) of revenues over (under) expenditures	(655,450)
Other financing sources (uses)	
Transfers in	686,339
Transfers out	(30,889)
Net other financing sources (uses)	655,450
Net change in fund balance	-
Fund balance - beginning	2,200
Fund balance - ending	$ 2,200

See accompanying notes to financial statements.

Jackson County, Florida
Tax Collector
Special-Purpose Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund

For the year ended September 30, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Charges for services	$ 379,509	$ 408,714	$ 426,208	$ 17,494
Total revenues	379,509	408,714	426,208	17,494
Expenditures				
Current:				
General government	1,065,848	1,049,453	1,057,063	(7,610)
Capital outlay	-	45,600	24,595	21,005
Total expenditures	1,065,848	1,095,053	1,081,658	13,395
Excess (deficiency) of revenues over (under) expenditures	(686,339)	(686,339)	(655,450)	30,889
Other financing sources (uses)				
Transfers in	686,339	686,339	686,339	-
Transfers out	-	-	(30,889)	(30,889)
Net other financing sources (uses)	686,339	686,339	655,450	(30,889)
Net change in fund balances	$ -	$ -	$ -	$ -

See accompanying notes to financial statements.

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

September 30, 2011

	Agency Funds
Assets	
Cash	$ 707,909
Total assets	$ 707,909
Liabilities	
Due to other governments	$ 707,909
Total liabilities	$ 707,909

See accompanying notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Jackson County Tax Collector's office is an agency of Jackson County, Florida, which is a political subdivision of the State of Florida. The County was established on August 12, 1822, by the First Session of the Territorial Legislative Council. Jackson County, Florida is governed by an elected Board of County Commissioners ("Board"), which derives its authority by the County Charter, Florida State Statutes and regulations. In addition to the members of the Board, there are five elected Constitutional Officers: Clerk of Courts, Sheriff, Tax Collector, Property Appraiser and Supervisor of Elections. The Constitutional Officers maintain separate accounting records and budgets.

The accompanying financial statements present the financial position and results of operations of the various fund types for all the funds controlled by the Jackson County Tax Collector's Office.

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

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

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

The Tax Collector operates on a fee and budgetary system. Under the fee system, the officer retains fees, commissions, and other revenue to pay all operating expenditures, including statutory compensation. Under the budgetary system, appropriated funds are received from the Board of County Commissioners and are recorded as other financing sources on the Tax Collector's financial statements and as other financing uses on the Board's financial statements. Any excess of revenue and other financial sources received over expenditures are remitted to the Board of County Commissioners after the end of the fiscal year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

In preparing these financial statements the following is reported as a major governmental fund:

> **General Fund** - The general fund is the general operating fund of the Tax Collector. It is used to account for all financial resources, except those required to be accounted for in another fund.

The Tax Collector also reported the following fund type:

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

Measurement Focus

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

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting refers to the timing of the measurements made, regardless of the measurement focus applied.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting - continued

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

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

Cash and Cash Equivalents

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

Capital Assets and Depreciation

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

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

Furniture, machinery, and equipment	3-30 years

Accumulated Compensated Absences

Permanent full-time employees of the Tax Collector are entitled to personal leave based on length of employment and up to 400 hours may be carried forward to future years. Upon separation from employment, employees can be paid for unused personal leave in accordance with personnel policy.

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

Budgetary Requirements

Florida Statutes, Chapter 218.35 and 195.087, details the preparation, adoption and administration of the Tax Collectors' annual budget. The Tax Collector establishes an annual balanced budget for her office which displays the revenues available to the office and the functions for which the money is to be expended. The budgeted revenues and expenditures in the accompanying financial statements reflect all amendments approved by the Department of Revenue and the Board of County Commissioners. The budget is prepared on a basis consistent with generally accepted accounting principles (GAAP) in the United States of America.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Tax Collections
Chapter 197, Florida Statutes, governs property tax collections.

Current Taxes
All property taxes become due and payable on November 1, and are delinquent on April 1 of the following year. Discounts of 4%, 3%, 2% and 1% are allowed for early payment in November through February, respectively.

Unpaid Taxes - Sale of Tax Certificates
The Tax Collector advertises, as required by Florida Statutes, and then sells tax certificates on all real property for unpaid taxes. Certificates not purchased are issued to the County. Any person owning real property upon which a tax certificate has been sold may reacquire the real property by paying the Tax Collector the face amount of the tax certificate plus interest and other costs.

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

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

Risk Management and Insurance
The Tax Collector is covered under the Board of County Commissioners insurance policies. The Board insures itself against losses from casualty, accident and dishonesty by purchasing insurance through a local insurance agency. The Board believes the level of insurance purchased is adequate to protect against material loss. No significant changes in coverage or claims have been made during the current year.

Management Estimates and Assumptions
The preparation of financial statements in conformity with GAAP requires management to make use of estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from estimates.

Subsequent Events
The Tax Collector has evaluated subsequent events through the date of the Auditors' Report.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Balances

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

NOTE 2 - DEPOSITS AND INVESTMENTS

At September 30, 2011, the carrying amount of the Tax Collector's cash and cash equivalents and restricted cash was $825,956 and the bank balance was $746,038. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Public Deposit Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of securities pledged by the defaulting depository are assessed against the other qualified public depositories of the same type as the depository in default. When other qualified public depositures are assessed additional amounts, they are assessed on a pro-rata basis.

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

Credit Risk

At September 30, 2011, the Tax Collector did not hold any deposits or investments that were considered to have credit risk.

Interest Rate Risk

At September 30, 2011, the Tax Collector did not hold any investments that were considered to have interest rate risk

Custodial Credit Risk

At September 30, 2011, the Tax Collector did not hold any deposits or investments that were considered to have custodial risk.

Concentration of Credit Risk

At September 30, 2011, the Tax Collector did not hold any investments that were considered to have concentration of credit risk.

NOTE 3 - LONG-TERM LIABILITIES

The Tax Collector's long-term liabilities are reported in the statement of net assets in the County's financial statements.

Long-term liability activity for the year ended September 30, 2011, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Governmental activities:					
Compensated absences	$ 33,286	$ 8,019	$ -	$ 41,305	$ -
Total	$ 33,286	$ 8,019	$ -	$ 41,305	$ -

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

NOTE 4 - EMPLOYEES PENSION PLAN

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

NOTE 4 - EMPLOYEE PENSION PLAN (CONTINUED)

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

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

	10/01/10 Through 06/30/11	**07/01/11 Through 09/30/11**
Regular employees	10.77%	4.91%
Senior management	14.57%	6.27%
Elected county officials' class	18.64%	11.14%
DROP plan participants	12.25%	4.42%

Chapter 121, Florida Statutes establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. Total payroll for the Tax Collector employees covered by the Florida Retirement System was $631,568 for the year ended September 30, 2011. The Tax Collector's contribution to the plan for the years ended September 30, 2011, 2010, and 2009 totaled $64,443, $71,245, and $74,617. These contributions represented 10.2% of covered payroll for the year ended September 30, 2011.

NOTE 5 - EXCESS REVENUE

Pursuant to Section 218.36(2), Florida Statutes, any excess revenues over expenditures determined as of the fiscal year end, "…is returned to each governmental unit in the same proportion as the fees paid by the governmental unit bear to the total fee income of the Tax Collector." For the year ending September 30, 2011, excess revenues over expenditures of $30,889 are accrued and reported as a transfer out.

NOTE 6 - OPERATING LEASES

The Tax Collector leases various buildings under operating leases with yearly lease terms. Rental expense under operating leases for the year ended September 30, 2011 was $20,040.

Minimum future lease payments under operating leases as of September 30, 2011 and for each year until expiration are:

2012	$	14,415
2013		12,540
2014		12,540
2015		12,540
2016		12,540
Total minimum future lease payments	$	64,575

NOTE 7 – GOVERNMENTAL FUND BALANCE

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

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

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

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

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

Unassigned – All amounts not included in other spendable classifications.

At September 30, 2011, the all of Tax Collector's fund balance is classified as unassigned.

Supplementary Information

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

September 30, 2011

	License and Boat	Tag	Tax	Total
Assets				
Cash	$ 3,554	$ 91,201	$ 613,154	$ 707,909
Total assets	$ 3,554	$ 91,201	$ 613,154	$ 707,909
Liabilities				
Due to other governments	$ 3,554	$ 91,201	$ 613,154	$ 707,909
Total liabilities	$ 3,554	$ 91,201	$ 613,154	$ 707,909

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

To the Honorable Sherry Brown
Tax Collector of Jackson County, Florida
Marianna, Florida

We have audited the financial statements of the Jackson County, Florida, Tax Collector (Tax Collector) as of and for the year ended September 30, 2011, and have issued our report thereon dated May 23, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, as discussed below in comment TC06-01, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Honorable Sherry Brown
Tax Collector of Jackson County, Florida
Marianna, Florida

PRIOR YEAR FINDINGS AND RECOMMENDATIONS:

Need for Segregation of Duties TC06-01

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

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

STATUS: This item still exists.

Compliance and Other Matters

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

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

The report is intended for the information and use of the Jackson County, Florida, Tax Collector, the Board of County Commissioners, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

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

May 23, 2012

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INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Honorable Sherry Brown
Tax Collector of Jackson County, Florida
Marianna, Florida

We have audited the accompanying financial statements of the Jackson County, Florida, Tax Collector (the Tax Collector), as of and for the year ended September 30, 2011, and have issued our report thereon dated May 23, 2012.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated May 23, 2012. Disclosures in that report, if any, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida, and unless otherwise required to be reported in the report on compliance and internal controls, this letter is required to include the following information.

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. See the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Jackson County, Florida, Tax Collector complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations that improve financial management. In connection with our audit, we did not have any such recommendations.

To the Honorable Sherry Brown
Tax Collector of Jackson County, Florida
Marianna, Florida

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse that an effect on the financial statements that is less than material, but, more than inconsequential. In connection with our audit, we did not have any such findings

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

- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. This item was disclosed in the notes to the financial statements.

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

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

May 23, 2012

Sherry A. Brown, CFC

Tax Collector, Jackson County
Certified Florida Collector

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May 24, 2012

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

Attention: Audit Department

I am in receipt of the audit report for the Jackson County Tax Collector's Office for the fiscal year ending September 30, 2011. Concerning the current year findings and recommendations, the following applies:

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

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

Sincerely,

Sherry A. Brown

Sherry A. Brown, CFC
Jackson County Tax Collector