

# LEVY COUNTY, FLORIDA

## AUDIT REPORT

SEPTEMBER 30, 2012

**Levy County, Florida  
Audit Report  
September 30, 2012**

**Table of Contents**

	<b>Page</b>
INDEPENDENT AUDITOR'S REPORT .....	i
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	iii
<b>BASIC FINANCIAL STATEMENTS:</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Assets.....	1
Statement of Activities.....	2
<b>Governmental Fund Financial Statements:</b>	
Balance Sheet.....	3
Reconciliation of the Balance Sheet to the Statement of Net Assets.....	4
Statement of Revenues, Expenditures and Changes in Fund Balances.....	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	6
<b>Proprietary Fund Financial Statements:</b>	
Statement of Net Assets.....	7
Statement of Revenues, Expenses and Changes in Fund Net Assets .....	8
Statement of Cash Flows .....	9
<b>Fiduciary Fund Financial Statements:</b>	
Statement of Fiduciary Net Assets .....	10
Notes to Financial Statements .....	11
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.....	31
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Road and Bridge Fund.....	32
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Road Impact Fee Fund .....	33
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – EMS Fund .....	34

**Levy County, Florida  
Audit Report  
September 30, 2012**

**Table of Contents**

	<b>Page</b>
Other Postemployment Benefits – Board of County Commissioners	
Schedule of Funding Progress.....	35
Schedule of Employer Contributions.....	35
Other Postemployment Benefits – Office of the Sheriff	
Schedule of Funding Progress.....	36
Schedule of Employer Contributions.....	36
<b>SUPPLEMENTARY INFORMATION:</b>	
Combining Balance Sheet – Nonmajor Governmental Funds .....	37
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	41
Combining Statement of Fiduciary Net Assets – Agency Funds.....	45
Schedule of Expenditures of Federal Awards and State Financial Assistance.....	46
<b>ADDITIONAL ELEMENTS REQUIRED BY THE RULES OF THE AUDITOR</b>	
<b>GENERAL:</b>	
Management Letter.....	49
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters .....	53
Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and Project and on Internal Control Over Compliance .....	55
Schedule of Findings and Questioned Costs .....	57
<b>Management’s Follow-up of Audit Findings:</b>	
Summary Schedule of Prior Audit Findings	--
Corrective Action Plan	--



## Independent Auditor's Report

Board of County Commissioners  
Levy County, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Levy County, Florida (the "County"), as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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, and the aggregate remaining fund information of the County as of September 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof 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 our report dated June 26, 2013 on our consideration of the County'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 considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements as a whole. The information listed in the table of contents as supplementary information, including the Schedule of Expenditures of Federal Awards and State Financial Assistance, which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, Rules of the Auditor General, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.



June 26, 2013  
Gainesville, Florida

## LEVY COUNTY, FLORIDA

### MANAGEMENT'S DISCUSSION and ANALYSIS

September 30, 2012

This Management Discussion and Analysis provides an objective and easily readable analysis of the County's financial activities for fiscal year ended September 30, 2012. The analysis provides summary financial information for the County and should be read in conjunction with the County's financial statements.

#### FINANCIAL HIGHLIGHTS

- Levy County's assets exceeded total liabilities by \$104,961,440 (*net assets*). Of this amount \$6,104,685 are *unrestricted net assets* while \$89,303,548 was invested in capital assets, net of related debt. The remaining \$9,553,207 is restricted net assets.
- Net assets of business-type activities decreased by \$210,982 over the previous year. Net assets of governmental activities decreased \$4,499,810. Accordingly, net assets of both business type and governmental activities decreased a total of \$4,710,792.
- At September 30, 2012, the General Fund had an unassigned fund balance of \$864,566. The total fund balance increased \$1,063,486.
- At September 30, 2012, the County's governmental funds reported a combined fund balance of \$20,135,546.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information that may be of interest to the reader.

##### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business. The two government-wide financial statements are the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets presents information on all assets and liabilities of the County, with the difference between the two reported as *net assets*. Changes in net assets over time may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. The Statement of Activities presents information on all revenues and expenditures of the County and the change in net assets for the fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and accounts payable).

Both statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Governmental activities of the County include general government services, public safety, physical environment, transportation, economic environment, human services, culture and recreation, and court costs. Business-type activities include garbage disposal and recycling.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that are segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances on spendable resources available at the end of the fiscal year. Such information may be used in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate comparison between governmental funds and governmental activities.

The County maintains numerous 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, Road and Bridge Fund, Road Impact Fee Fund, EMS Fund, and Sales Tax Revenue Bond Debt Service Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

**Proprietary Funds** - *Internal services funds* are an accounting device used to accumulate and allocate costs internally among the various County functions. The County has no internal service fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the fiscal activities relating to the Landfill/Recycling Fund.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the County's own programs.

## Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### Other Information

In addition to the basic financial statements, and accompanying notes, this report also presents certain required supplementary information including budget to actual comparisons for the general fund and major governmental funds, and the Schedules of Funding Progress and Employer Contributions for OPEB Plans. Following the required supplementary information can be found combining balance sheets and combining statements of revenues, expenditures, and changes in fund balances for the non-major governmental funds, and schedules of expenditures of federal and state awards.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Levy County, assets exceeded liabilities by \$104,961,440 at the close of the fiscal year ended September 30, 2012.

### Levy County's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$ 23,472,611	\$ 23,142,314	\$ 2,783,947	\$ 2,729,206	\$ 26,256,558	\$ 25,871,520
Capital Assets	90,299,411	95,493,972	4,364,137	4,486,357	94,663,548	99,980,329
Total Assets	113,772,022	118,636,286	7,148,084	7,215,563	120,920,106	125,851,849
Current and Other Liabilities	2,786,927	3,562,994	61,557	71,466	2,848,484	3,634,460
Long-Term Liabilities	7,808,747	7,397,134	5,301,435	5,148,023	13,110,182	12,545,157
Total Liabilities	10,595,674	10,960,128	5,362,992	5,219,489	15,958,666	16,179,617
Net Assets:						
Invested in Capital Assets, Net of Related Debt	84,939,411	89,697,060	4,364,137	4,486,357	89,303,548	94,183,417
Restricted	9,553,207	15,904,997	-	-	9,553,207	15,904,997
Unrestricted	8,683,730	2,074,105	(2,579,045)	(2,490,283)	6,104,685	(416,178)
Total Net Assets	\$ 103,176,348	\$ 107,676,162	\$ 1,785,092	\$ 1,996,074	\$ 104,961,440	\$ 109,672,236

The largest portion of the County's net assets reflects its investment in capital assets, net of depreciation (e.g., land, roads, parks, 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 represents resources that are subject to restrictions imposed externally on how they may be used.

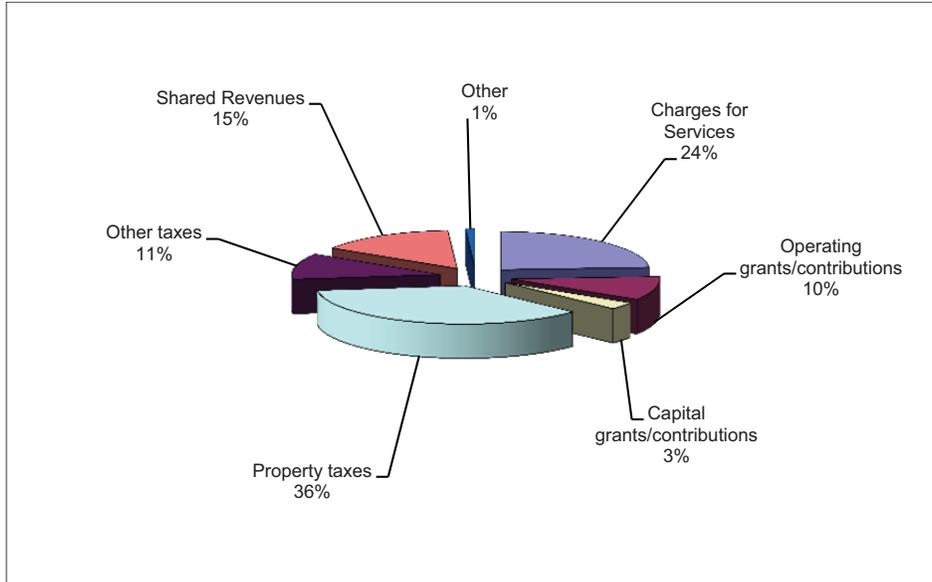
## Changes in Net Assets

The following schedule provides a summary of the changes in net assets.

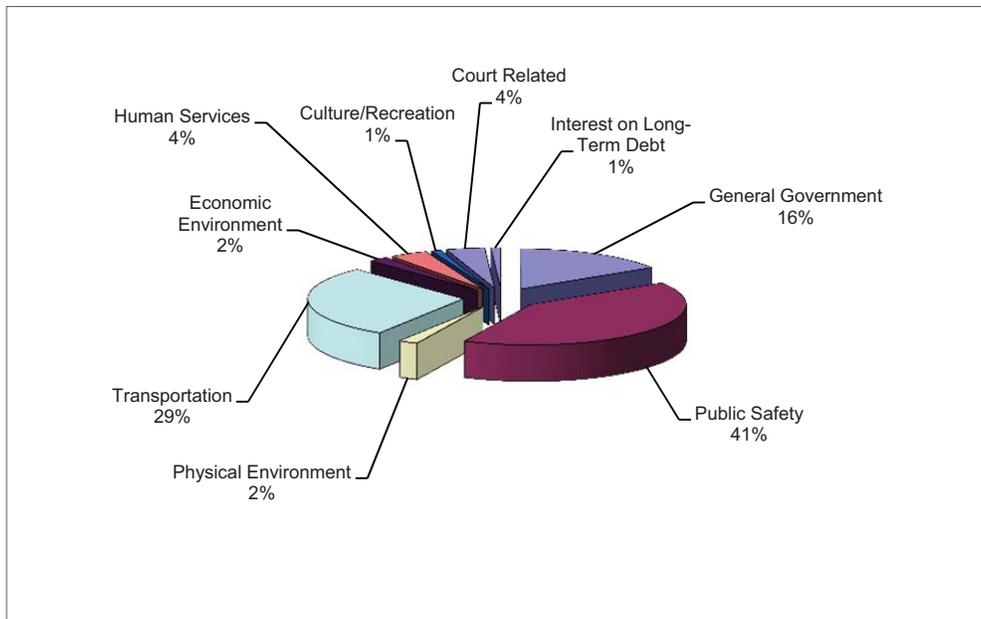
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 8,623,260	\$ 7,696,934	\$ 1,841,067	\$ 1,882,435	\$ 10,464,327	\$ 9,579,369
Operating Grants and Contributions	3,605,014	5,887,471	44,164	70,588	3,649,178	5,958,059
Capital Grants and Contributions	969,018	508,832	26,424	-	995,442	508,832
General Revenues:						
Property Taxes	13,069,873	13,570,752	-	-	13,069,873	13,570,752
Other Taxes	4,100,609	4,042,056	-	-	4,100,609	4,042,056
Shared Revenues	5,252,638	5,151,074	-	-	5,252,638	5,151,074
Other	402,889	400,400	6,895	3,968	409,784	404,368
	<u>\$ 36,023,301</u>	<u>\$ 37,257,519</u>	<u>\$ 1,918,550</u>	<u>\$ 1,956,991</u>	<u>\$ 37,941,851</u>	<u>\$ 39,214,510</u>
<b>Expenses</b>						
General Government	6,673,429	7,299,999	-	-	6,673,429	7,299,999
Public Safety	16,720,562	16,991,650	-	-	16,720,562	16,991,650
Physical Environment	614,661	663,826	2,129,532	2,047,783	2,744,193	2,711,609
Transportation	11,798,058	12,122,590	-	-	11,798,058	12,122,590
Economic Environment	663,359	585,668	-	-	663,359	585,668
Human Services	1,692,083	1,446,137	-	-	1,692,083	1,446,137
Culture and Recreation	597,911	686,802	-	-	597,911	686,802
Court Related	1,522,255	1,901,086	-	-	1,522,255	1,901,086
Interest on Long-Term Debt	240,793	258,423	-	-	240,793	258,423
	<u>40,523,111</u>	<u>41,956,181</u>	<u>2,129,532</u>	<u>2,047,783</u>	<u>42,652,643</u>	<u>44,003,964</u>
Changes in Net Assets	(4,499,810)	(4,698,662)	(210,982)	(90,792)	(4,710,792)	(4,789,454)
Net Assets, Beginning of year	107,676,158	112,374,820	1,996,074	2,086,866	109,672,232	114,461,686
Net Assets, End of year	<u>\$ 107,676,158</u>	<u>\$ 112,374,820</u>	<u>\$ 1,996,074</u>	<u>\$ 2,086,866</u>	<u>\$ 109,672,232</u>	<u>\$ 114,461,686</u>

## Fiscal Year Ended September 2012

### Revenue – Governmental Activities



### Expenses – Governmental Activities



As noted earlier, net assets may serve overtime as a useful indicator of a government's financial position. Assets exceeded liabilities by \$104,961,440.

The County had depreciation in property values of \$139,904,571, which resulted in a loss of ad valorem taxes of approximately \$500,000. Total revenues decreased \$1,234,218 representing a 3.3% drop from 2011.

Charges for services increased from the previous year by \$926,326, and revenue from operating grants and contributions decreased by \$2,282,457. Governmental activities expenses exceeded revenues by \$4,499,810, while business-type activities expenses exceeded revenues by \$210,982. Total expenses decreased \$1,351,321 from the previous year.

## **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

As noted earlier, the County used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

As previously discussed, governmental funds measure current assets and liabilities and current or spendable resources. A fund's fund balance may provide a useful measure of the fund's net resources available for spending at the end of the fiscal year.

At the current time, the County has five major governmental funds. They are: 1) General Fund; 2) Road & Bridge Fund; 3) Road Impact Fee Fund; 4) EMS Fund and 5) Sales Tax Revenue Bond Debt Service Fund.

The General Fund is the chief operating fund of the County. The General Fund had a increase in fund balance of \$1,063,486. Total revenues and transfers increased approximately \$894,215 while expenditures and transfers out decreased from the prior year. The total fund balance was \$4,432,957 of which approximately \$3,500,000 was assigned for subsequent year's expenditures.

The Road and Bridge Fund accounts for the maintenance of roads, bridges, right-of-ways, and drainage systems and is primarily funded by gas taxes. The fund had a total fund balance of \$1,802,474 at year-end. This was a decrease of \$585,321 from the prior year. Intergovernmental revenue decreased due to reduced funding received from the State for road paving.

The Road Impact Fee Fund is used to account for impact fees assessed for road purposes. The fund is considered a major fund because of the large amount of liabilities at year-end.

The Emergency Medical Services Fund accounts for emergency transport and medical services. The fund had a total fund balance of \$483,632, primarily due to an increase in special assessments approved by the Board of County Commissioners in fiscal year 2012.

The Sales Tax Revenue Bond Debt Service Fund accounts for sales tax revenue accumulated and payments made for principal and interest on long term obligations. The fund had an ending fund balance of \$6,933,494 that includes approximately \$677,000 restricted for debt service. This fund was created by the issuance of revenue bonds in 2003.

## Proprietary Funds

The County's enterprise fund provides the same type of information found in the government-wide financial statements, but in greater detail. The Landfill Fund accounts for the operations and maintenance of the County's landfill and recycling activities. Operating Revenues for the Landfill Fund totaled \$1,841,067 in the current year. This amount consists of \$1,357,778 generated by tip and recycling fees and the amount of \$483,289 from Special Assessments. As of September 30, 2012, total net assets were \$1,785,092.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Budget and actual comparison schedules are provided in the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual for the General Fund and all major special revenue funds with annually appropriated budgets. These schedules show the original budget, final budget, actual amounts, and the variances between actual and final budgeted amounts. Budget amendments are approved throughout the year. Budgets are revised for a variety of reasons, such as new grant awards, unanticipated revenue sources, unforeseen expenditures, etc.

Actual revenues of the General Fund were lower than the final budget by approximately \$127,000 due to a decrease in property taxes resulting from a decrease in taxable values. Budgeted expenditures exceeded actual by approximately \$3.6 million due to unused Reserve for Contingency of approximately \$2.1 million and \$0.7 million of unexpended General Government expenditures.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The following schedule provides a summary of the County's capital assets.

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 5,011,623	\$ 5,011,623	\$ 239,648	\$ 239,648	\$ 5,251,271	\$ 5,251,271
Buildings	13,281,158	13,601,175	3,582,213	3,645,225	16,863,371	17,246,400
Improvements	116,019	122,744	-	-	116,019	122,744
Equipment	4,944,942	5,371,816	542,276	601,484	5,487,218	5,973,300
Infrastructure	66,945,669	71,242,816	-	-	66,945,669	71,242,816
Assets Under Capital Lease	-	143,798	-	-	-	143,798
Total Net Assets	<u>\$ 90,299,411</u>	<u>\$ 95,493,972</u>	<u>\$ 4,364,137</u>	<u>\$ 4,486,357</u>	<u>\$ 94,663,548</u>	<u>\$ 99,980,329</u>

The County's total investment in capital assets for both its governmental and business type activities as of September 30, 2012, was \$94,663,548 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, construction in progress, and a large portion of infrastructure. The county's financial statements reflect the cost of all roads, bridges, and drainage structures acquired or built over the last 25 years.

See Note 9 to the financial statements for more information about the County's capital assets.

### Long-term Debt

On September 30, 2012, the County's governmental outstanding debt was \$7,808,747 and the business-type long-term debt was \$5,301,435. The majority of the governmental debt represents bonds secured by specific revenue sources as a method of repayment. For the business-type debt, the greater amount of the liability is the estimated future closure cost of the

currently operating landfills and for the maintenance and monitoring functions for the twenty to thirty years after closure.

See Notes 10 and 11 to the financial statements for more information about the County's long-term debt.

## **NEXT YEAR'S BUDGET AND SIGNIFICANT FINANCIAL CONDITIONS**

Levy County was still feeling the effects of the economic slowdown during the fiscal year ended September 30, 2012.

The ad valorem tax rate was raised to 8.01 mills in the 2013 Fiscal Year.

Residential housing permits issued in the county for fiscal year 2012 totaled 170 up from previous fiscal year total of 159.

The unemployment rate for the County in September 2012 was 9.5%. This represents a decrease of 2% from the prior year.

Total taxable property values declined \$114,928,318 from budget year 2012 to 2013. This translates to a lower expectation for ad valorem tax revenue.

## **REQUESTS FOR INFORMATION**

This report was designed to provide an overview of the County's finances. If you have questions concerning this report, contact the Levy County Clerk of Court, Board Finance, 355 South Court Street, Bronson, Florida 32621.

**Levy County, Florida  
Statement of Net Assets  
September 30, 2012**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Cash and Equivalents	\$ 17,449,249	\$ 123,503	\$ 17,572,752
Investments	3,923,118	13,392	3,936,510
Due from Other Governments	1,445,831	47,340	1,493,171
Receivables	502,591	160,586	663,177
Internal Balances	6,411	(6,411)	-
Other Assets	145,411	-	145,411
Restricted Assets:			
Cash and Equivalents	-	2,063,659	2,063,659
Investments	-	381,878	381,878
Capital Assets:			
Non-Depreciable	5,011,623	239,648	5,251,271
Depreciable, Net	85,287,788	4,124,489	89,412,277
<b>TOTAL ASSETS</b>	<b>113,772,022</b>	<b>7,148,084</b>	<b>120,920,106</b>
<b><u>LIABILITIES</u></b>			
Accounts Payable and Accrued Liabilities	1,533,907	61,557	1,595,464
Unearned Revenue	1,181,280	-	1,181,280
Other Liabilities	71,740	-	71,740
Noncurrent Liabilities:			
Due Within One Year	1,012,136	258,189	1,270,325
Due in More Than One Year	6,796,611	5,043,246	11,839,857
<b>TOTAL LIABILITIES</b>	<b>10,595,674</b>	<b>5,362,992</b>	<b>15,958,666</b>
<b><u>NET ASSETS</u></b>			
Invested in Capital Assets, Net of Related Debt	84,939,411	4,364,137	89,303,548
Restricted For:			
Capital Projects	1,556,869	-	1,556,869
Debt Service	676,082	-	676,082
Other Purposes	7,320,256	-	7,320,256
Unrestricted	8,683,730	(2,579,045)	6,104,685
<b>TOTAL NET ASSETS</b>	<b>\$ 103,176,348</b>	<b>\$ 1,785,092</b>	<b>\$ 104,961,440</b>

See accompanying notes.

**Levy County, Florida  
Statement of Activities  
For the Year Ended September 30, 2012**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Govern- mental Activities	Business- Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES:</b>							
General Government	\$ 6,673,429	\$ 1,163,409	\$ -	\$ -	\$ (5,510,020)	\$ -	\$ (5,510,020)
Public Safety	16,720,562	5,168,335	837,803	53,054	(10,661,370)	-	(10,661,370)
Physical Environment	614,661	91,754	36,391	-	(486,516)	-	(486,516)
Transportation	11,798,058	2,069,190	1,646,918	876,682	(7,205,268)	-	(7,205,268)
Economic Environment	663,359	22,146	34,938	39,282	(566,993)	-	(566,993)
Human Services	1,692,083	15,883	70,000	-	(1,606,200)	-	(1,606,200)
Culture and Recreation	597,911	44,824	76,778	-	(476,309)	-	(476,309)
Court Related	1,522,255	47,719	902,186	-	(572,350)	-	(572,350)
Interest on Long-Term Debt	240,793	-	-	-	(240,793)	-	(240,793)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>40,523,111</b>	<b>8,623,260</b>	<b>3,605,014</b>	<b>969,018</b>	<b>(27,325,819)</b>	<b>-</b>	<b>(27,325,819)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Landfill	2,129,532	1,841,067	44,164	26,424	-	(217,877)	(217,877)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 42,652,643</b>	<b>\$ 10,464,327</b>	<b>\$ 3,649,178</b>	<b>\$ 995,442</b>	<b>(27,325,819)</b>	<b>(217,877)</b>	<b>(27,543,696)</b>
<b>GENERAL REVENUES:</b>							
Property Taxes					13,069,873	-	13,069,873
Sales Taxes					2,448,567	-	2,448,567
Gas Taxes					1,232,967	-	1,232,967
Tourist Development Tax					159,841	-	159,841
Communication Service Tax					259,234	-	259,234
Unrestricted Shared Revenues					5,252,638	-	5,252,638
Impact Fees					18,334	-	18,334
Investment Earnings					51,350	6,895	58,245
Miscellaneous					333,205	-	333,205
<b>TOTAL GENERAL REVENUES</b>					<b>22,826,009</b>	<b>6,895</b>	<b>22,832,904</b>
<b>CHANGE IN NET ASSETS</b>					<b>(4,499,810)</b>	<b>(210,982)</b>	<b>(4,710,792)</b>
<b>NET ASSETS – BEGINNING OF YEAR</b>					<b>107,676,158</b>	<b>1,996,074</b>	<b>109,672,232</b>
<b>NET ASSETS – END OF YEAR</b>					<b>\$ 103,176,348</b>	<b>\$ 1,785,092</b>	<b>\$ 104,961,440</b>

See accompanying notes.

**Levy County, Florida**  
**Balance Sheet – Governmental Funds**  
**September 30, 2012**

	<b>General Fund</b>	<b>Road and Bridge</b>	<b>Road Impact Fee Fund</b>	<b>EMS FUND</b>	<b>Sales Tax Revenue</b>	<b>Other Governmental Funds</b>	<b>Totals</b>
<b><u>ASSETS</u></b>							
Cash and Equivalents	\$ 4,840,482	\$ 1,477,003	\$ 978,648	\$ 360,654	\$ 2,970,074	\$ 6,822,388	\$ 17,449,249
Investments	11,253	6,010	-	7	3,861,764	44,084	3,923,118
Due from Other Funds	23,327	85,909	-	18,416	-	57,822	185,474
Due from Other Governments	558,313	350,381	-	342	101,656	435,139	1,445,831
Receivables	84,323	3,856	-	381,402	-	33,010	502,591
Prepays	4,954	-	-	-	-	668	5,622
<b>TOTAL ASSETS</b>	<b><u>\$ 5,522,652</u></b>	<b><u>\$ 1,923,159</u></b>	<b><u>\$ 978,648</u></b>	<b><u>\$ 760,821</u></b>	<b><u>\$ 6,933,494</u></b>	<b><u>\$ 7,393,111</u></b>	<b><u>\$ 23,511,885</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>							
<b><u>LIABILITIES</u></b>							
Accounts Payable and Accrued Liabilities	\$ 845,714	\$ 104,746	\$ -	\$ 74,862	\$ -	\$ 372,094	\$ 1,397,416
Due to Other Funds	82,448	1,375	-	20,137	-	75,103	179,063
Due to Other Governments	135,083	498	-	910	-	-	136,491
Deposits	-	-	-	-	-	53,014	53,014
Deferred Revenue	26,450	14,066	941,812	181,280	-	446,747	1,610,355
<b>TOTAL LIABILITIES</b>	<b><u>1,089,695</u></b>	<b><u>120,685</u></b>	<b><u>941,812</u></b>	<b><u>277,189</u></b>	<b><u>-</u></b>	<b><u>946,958</u></b>	<b><u>3,376,339</u></b>
<b><u>FUND BALANCES</u></b>							
Nonspendable: Prepays	4,954	-	-	-	-	668	5,622
Restricted	88,437	1,321,562	36,836	-	676,760	3,797,759	5,921,354
Assigned	3,475,000	480,912	-	483,632	6,256,734	2,667,319	13,363,597
Unassigned	864,566	-	-	-	-	(19,593)	844,973
<b>TOTAL FUND BALANCES</b>	<b><u>4,432,957</u></b>	<b><u>1,802,474</u></b>	<b><u>36,836</u></b>	<b><u>483,632</u></b>	<b><u>6,933,494</u></b>	<b><u>6,446,153</u></b>	<b><u>20,135,546</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 5,522,652</u></b>	<b><u>\$ 1,923,159</u></b>	<b><u>\$ 978,648</u></b>	<b><u>\$ 760,821</u></b>	<b><u>\$ 6,933,494</u></b>	<b><u>\$ 7,393,111</u></b>	<b><u>\$ 23,511,885</u></b>

See accompanying notes.

**Levy County, Florida**  
**Reconciliation of the Balance Sheet to the Statement of Net Assets**  
**Governmental Funds**  
**September 30, 2012**

FUND BALANCES – TOTAL GOVERNMENTAL FUNDS	\$ 20,135,546
--	---------------

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

Capital assets used in governmental activities are not reported in the governmental funds.

Capital Assets – Net	90,299,411
----------------------	------------

Long-term liabilities are not reported in the governmental funds.

Bonds Payable	(5,360,000)
Due to Other Governments - Medicaid Obligation	(579,525)
Net OPEB Obligation	(640,222)
Compensated Absences	(1,229,000)

Interest payable on long-term debt is not accrued in the governmental funds.	(18,726)
--	----------

Unearned revenue in the statement of net assets differs from the amount reported in the governmental funds.	429,075
---	---------

Unamortized bond issuance costs are not capitalized in the governmental funds.	139,789
--	---------

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 103,176,348</u>
---------------------------------------	-----------------------

See accompanying notes.

**Levy County, Florida**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2012**

	General Fund	Road and Bridge	Road Impact Fee Fund	EMS FUND	Sales Tax Revenue	Other Governmental Funds	Totals
<b>REVENUES</b>							
Taxes	\$ 15,777,672	\$ 1,232,967	\$ -	\$ -	\$ -	\$ 159,841	\$ 17,170,480
Permits, Fees and Special Assessments	173,988	4,650	-	1,765,453	-	1,014,081	2,958,172
Intergovernmental Revenue	3,707,237	2,912,994	-	58,722	1,240,996	1,823,810	9,743,759
Charges for Services	1,258,001	-	-	1,711,891	-	973,642	3,943,534
Fines and Forfeitures	4,017	-	-	-	-	229,904	233,921
Miscellaneous Revenue	366,323	1,118,995	1,388	3,101	8,944	310,806	1,809,557
<b>TOTAL REVENUES</b>	<b>21,287,238</b>	<b>5,269,606</b>	<b>1,388</b>	<b>3,539,167</b>	<b>1,249,940</b>	<b>4,512,084</b>	<b>35,859,423</b>
<b>EXPENDITURES</b>							
Current:							
General Government	6,266,669	-	-	-	-	823	6,267,492
Public Safety	10,737,423	-	-	3,611,270	-	1,596,658	15,945,351
Physical Environment	474,092	-	-	-	-	102,246	576,338
Transportation	-	5,854,927	-	-	-	1,603,154	7,458,081
Economic Environment	205,669	-	-	-	-	452,832	658,501
Human Services	1,252,589	-	-	-	-	-	1,252,589
Culture/Recreation	561,854	-	-	-	-	825	562,679
Court Costs	336,214	-	-	-	-	1,169,279	1,505,493
Debt Service:							
Principal	-	-	-	51,912	385,000	-	436,912
Interest	-	-	-	2,373	239,575	-	241,948
<b>TOTAL EXPENDITURES</b>	<b>19,834,510</b>	<b>5,854,927</b>	<b>-</b>	<b>3,665,555</b>	<b>624,575</b>	<b>4,925,817</b>	<b>34,905,384</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,452,728</b>	<b>(585,321)</b>	<b>1,388</b>	<b>(126,388)</b>	<b>625,365</b>	<b>(413,733)</b>	<b>954,039</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	168,000	-	-	244,348	-	312,894	725,242
Transfers Out	(557,242)	-	-	-	-	(168,000)	(725,242)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(389,242)</b>	<b>-</b>	<b>-</b>	<b>244,348</b>	<b>-</b>	<b>144,894</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,063,486</b>	<b>(585,321)</b>	<b>1,388</b>	<b>117,960</b>	<b>625,365</b>	<b>(268,839)</b>	<b>954,039</b>
<b>FUND BALANCES – BEGINNING OF YEAR</b>	<b>3,369,471</b>	<b>2,387,795</b>	<b>35,448</b>	<b>365,672</b>	<b>6,308,129</b>	<b>6,714,992</b>	<b>19,181,507</b>
<b>FUND BALANCES – END OF YEAR</b>	<b>\$ 4,432,957</b>	<b>\$ 1,802,474</b>	<b>\$ 36,836</b>	<b>\$ 483,632</b>	<b>\$ 6,933,494</b>	<b>\$ 6,446,153</b>	<b>\$ 20,135,546</b>

See accompanying notes.

**Levy County, Florida**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances to the Statement of Activities – Governmental Funds**  
**For the Year Ended September 30, 2012**

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ 954,039

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is depreciated over their estimated useful lives.

Acquisitions of Capital Assets	2,537,940
Current Year Depreciation Expense	(7,679,242)
Loss on Asset Disposal	(53,259)

The issuance of long-term debt provides current financial resources for governmental funds, while the repayment of long-term debt consumes current financial resources, but neither transaction has any effect on net assets of governmental activities.

Principal Payments	436,912
--------------------	---------

The timing of revenue recognition sometimes differs between the governmental funds and governmental activities

163,878

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.

Net OPEB Obligation	(185,500)
Due to Other Governments - Medicaid Obligation	(579,525)
Compensated Absences	(83,500)
Interest on Long-Term Debt	1,155
Amortization of Bond Issuance Costs	(12,708)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (4,499,810)

See accompanying notes.

**Levy County, Florida**  
**Statement of Net Assets - Proprietary Funds**  
**September 30, 2012**

	<b>Business-type            Activities</b> <u><b>Enterprise Fund</b></u> <u><b>Landfill Fund</b></u>
<u><b>CURRENT ASSETS</b></u>	
Cash and Equivalents	\$ 123,503
Investments	13,392
Due from Other Funds	4,336
Due from Other Governments	47,340
Receivables	<u>160,586</u>
<b>TOTAL CURRENT ASSETS</b>	<u><b>349,157</b></u>
<u><b>NONCURRENT ASSETS</b></u>	
Restricted Cash and Equivalents	2,063,659
Restricted Investments	381,878
Capital Assets, Net	<u>4,364,137</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u><b>6,809,674</b></u>
<b>TOTAL ASSETS</b>	<u><b>7,158,831</b></u>
<u><b>CURRENT LIABILITIES</b></u>	
Accounts Payable and Accrued Liabilities	61,557
Due to Other Funds	10,747
Current Portion of Long-Term Liabilities	<u>258,189</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>330,493</b>
<b>NONCURRENT LIABILITIES</b>	<u><b>5,043,246</b></u>
<b>TOTAL LIABILITIES</b>	<u><b>5,373,739</b></u>
<u><b>NET ASSETS</b></u>	
Invested in Capital Assets	4,364,137
Unrestricted	<u>(2,579,045)</u>
<b>TOTAL NET ASSETS</b>	<u><u><b>\$ 1,785,092</b></u></u>

See accompanying notes.

**Levy County, Florida**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended September 30, 2012**

	<u>Business-type Activities</u> <u>Enterprise Fund</u> <u>Landfill Fund</u>
<u>OPERATING REVENUES</u>	
User Fees	\$ 1,357,778
Special Assessments	483,289
	1,841,067
TOTAL OPERATING REVENUES	
<u>OPERATING EXPENSES</u>	
Personal Services	732,176
Operating Expenses	1,060,325
Depreciation	178,519
Closure and Long-Term Care Costs	158,512
	2,129,532
TOTAL OPERATING EXPENSES	
OPERATING LOSS	(288,465)
<u>NONOPERATING REVENUES</u>	
Interest Revenue	6,895
Grants	44,164
	51,059
TOTAL NONOPERATING REVENUES	
LOSS BEFORE CAPITAL CONTRIBUTIONS	(237,406)
CAPITAL CONTRIBUTION	26,424
CHANGE IN NET ASSETS	(210,982)
NET ASSETS – BEGINNING OF YEAR	1,996,074
NET ASSETS – END OF YEAR	\$ 1,785,092

See accompanying notes.

**Levy County, Florida**  
**Statement of Cash Flows – Proprietary Funds**  
**For the Year Ended September 30, 2012**

	<b>Business-type Activities Enterprise Fund Landfill Fund</b>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts From Customers	\$ 1,823,619
Payments to Suppliers	(1,072,772)
Payments to Employees	(735,849)
NET CASH PROVIDED BY OPERATING ACTIVITIES	14,998
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	
Grants Received	44,164
<u>CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Acquisition of Capital Assets	(56,299)
Capital Contribution	26,424
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(29,875)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Investment Income	6,895
NET INCREASE IN CASH AND EQUIVALENTS	36,182
CASH AND EQUIVALENTS – BEGINNING OF YEAR	2,164,372
CASH AND EQUIVALENTS – END OF YEAR	\$ 2,200,554
A reconciliation of Cash and Equivalents per the Statement of Cash Flows to the Statement of Net Assets is as follows:	
Cash and Equivalents	\$ 2,187,162
Investments	13,392
Total Cash and Equivalents per Statement of Cash Flows	\$ 2,200,554
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
OPERATING LOSS	\$ (288,465)
Depreciation	178,519
Change In:	
Due From Other Funds	(1,395)
Due From Other Governments	(43,507)
Receivables	27,454
Accounts Payable and Accrued Liabilities	(9,909)
Due to Other Funds	(1,111)
Compensated Absences	(5,000)
Accrued Closure and Long-Term Care	158,412
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 14,998

See accompanying notes.

**Levy County, Florida**  
**Statement of Fiduciary Net Assets**  
**September 30, 2012**

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and Equivalents	\$ 1,371,588
Receivables	<u>3,485</u>
 TOTAL ASSETS	 1,375,073
 <u>LIABILITIES</u>	
Assets Held for Others	<u>1,375,073</u>
 NET ASSETS	 <u><u>\$ -</u></u>

See accompanying notes.

**Levy County, Florida**  
**Notes to Financial Statements**  
**September 30, 2012**

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

The accounting policies of Levy County (the “County”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

The County is a non-charter, general purpose local government established under the legal authority of the Constitution of the State of Florida. It is composed of an elected Board of County Commissioners and elected constitutional officers – Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser, and Supervisor of Elections – that operate as separate county agencies. The accompanying financial statements present the County as the primary government.

Blended Component Units - Although legally separate entities, blended component units are in substance part of the primary government’s operations and, accordingly, data from these units, if any, would be combined with the data of the primary government. There are no blended component units included in the accompanying financial statements.

Discretely Presented Component Units - Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate entities. There are no discretely presented component units included in the County’s financial reporting entity. The Levy County Development Authority (LCDA), which is a dependent special district created by County Resolution pursuant to the authority provided in Chapter 159, Florida Statutes, for the purpose of developing and promoting economic growth in Levy County, is a component unit of the County and would be discretely presented. However, there was no financial activity during the 2011-2012 fiscal year for the LCDA.

The Nature Coast Business Development Council, Inc. is a not-for-profit corporation organized for the purposes of furthering the economic development of Levy County and its environs, and promoting and assisting the growth and development of business concerns in the County of Levy, and is exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code. The Executive Board of the Council is comprised of 11 members, and 5 are appointed by the Levy County Board of County Commissioners and the remaining 6 members are appointed by the Board appointees. There is no financial benefit or burden to the County and the County cannot impose its will on the Council. Consequently, the Nature Coast Business Development Council, Inc. is considered a related organization of Levy County. During the year the County appropriated \$38,225 to the Council from the General Fund.

The County did not participate in any joint ventures during the 2011-2012 fiscal year.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the County and its component unit. For the most part, the effect of interfund activity has been removed from these statements.

**Levy County, Florida**  
**Notes to Financial Statements**  
**September 30, 2012**

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

*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 charged to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include: charges for services that are directly related to a given function; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other revenues not properly included among program revenues are reported instead as *general revenues*.

**Fund Financial Statements**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements, but all nonmajor funds are aggregated and displayed in a single column. The governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The County reports the following major governmental funds:

**General Fund** – The General Fund is the primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund consists of the Board of County Commissioners Countywide General Fund as well as each constitutional officer's general operating fund.

**Road and Bridge Fund** – This fund is used to account for the operations of the road and bridge department. Funding is provided primarily by gasoline taxes that are imposed locally and those that are levied by the State and shared with the County.

**Road Impact Fee Fund** – This fund is used to account for impact fees assessed for road purposes.

**EMS Fund** – This fund is used to account for the operations of the ambulance and emergency services department. Revenues are primarily from fees charged for emergency transport and medical services.

**Sales Tax Revenue Debt Service Fund** – This fund is used to account for debt service payments for the Sales Tax Revenue Bonds, Series 2003.

The County reports the following major proprietary fund:

**Landfill Fund** – This fund is used to account for operations of the County's landfill and recycling activities.

**Levy County, Florida**  
**Notes to Financial Statements**  
**September 30, 2012**

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

Additionally, the County reports the following fund type:

Agency Funds – Agency funds are used to account for resources held in a purely custodial capacity.

**Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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.

Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Taxes and certain intergovernmental revenues constitute the most significant sources of revenue considered susceptible to accrual. In governmental funds, expenditures are generally recognized when the related liability is incurred. However, debt service expenditures, and expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary funds record both operating and nonoperating revenues and expenses. The principal operating revenues are those that are obtained from the operations of the proprietary fund and include user fees and special assessments. Non-operating revenues are not related to the operations of the proprietary fund and include interest earnings and grants. Operating expenses represent the cost of operations, which includes depreciation. Nonoperating expenses are not related to operations, such as interest expense.

For its Enterprise Fund, the County applies all applicable GASB pronouncements. Additionally, the County applies pronouncements of the FASB and its predecessor bodies issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**Cash and Equivalents**

The financial institutions in which the county agencies place their deposits are certified as “qualified public depositories”, as required under the Florida Security for Public Deposits Act. Therefore, the deposits are entirely insured by Federal depository insurance and/or entirely collateralized pursuant to Chapter 280, Florida Statutes.

For purposes of the Statement of Cash Flows, only highly liquid investments with original maturities of three months or less are considered to be cash equivalents.

**Levy County, Florida**  
**Notes to Financial Statements**  
**September 30, 2012**

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

Investments

The County invests surplus funds in an external investment pool, the Local Government Surplus Funds Trust Fund (the “State Pool”) and in non-negotiable certificates of deposit. The State Pool is administered by the Florida State Board of Administration (“SBA”), who provides regulatory oversight. Due to the State Pool’s indirect exposure in the sub-prime mortgage financial market, the SBA placed some restrictions on how participants could access portions of their surplus funds and ultimately restructured the State Pool into two separate pools (“Florida PRIME” and “Fund B”).

Florida PRIME has adopted operating procedures consistent with the requirements for a 2a7-like fund. The County’s investment in Florida PRIME is reported at amortized cost.

The fair value of the position in the pool is equal to the value of the pool shares. Fund B is reported at fair value, determined by the fair value per share of the pool’s underlying portfolio. All non-negotiable certificates of deposits are in qualified public depositories.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. An offsetting non-spendable amount is reported in the fund financial statements to indicate that prepaids do not represent available spendable resources.

Receivables

Accounts receivable of the governmental funds are reported net of an allowance for uncollectible accounts of approximately \$381,000. The allowance represents approximately 61% of gross ambulance service accounts receivable at September 30, 2012.

Management believes the accounts receivable of the proprietary fund are fully collectible.

Capital Assets

Capital assets are valued at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value on the date donated. The threshold for capitalizing property and equipment is generally \$5,000. The threshold for capitalizing infrastructure is \$25,000.

The County began prospective reporting of general infrastructure assets at the effective date of GASB Statement No. 34. The estimated cost of the initial reporting of these assets was obtained through backtrending (i.e. estimating the current replacement cost of the infrastructure and using appropriate indices to deflate the cost to the acquisition year or estimated acquisition year). The reported values exclude normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate.

**Levy County, Florida**  
**Notes to Financial Statements**  
**September 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Depreciation is calculated using the straight-line method over the following estimated useful lives:

Buildings	30 – 50 yrs
Improvements	10 – 50 yrs
Equipment	5 – 15 yrs
Infrastructure	10 – 50 yrs

Compensated Absences

Personnel policies of the various county agencies allow a limited accumulation and vesting of unused employee vacation and sick leave. A liability is accrued when incurred in the government-wide financial statements. However, a liability is reported in governmental funds only when payment is due.

Fund Balance

The County follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

The fund balance classifications specified in GASB Statement No. 54 are as follows:

*Nonspendable Fund Balance* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted Fund Balance* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the County's highest level of decision-making authority, which is an ordinance of the County. Committed amounts cannot be used for any other purpose unless the County removes those constraints by taking the same type of action.

*Assigned Fund Balance* – Assigned fund balances are amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board of County Commissioners or (b) a body or official to which the Board of County Commissioners has delegated the authority to assign amounts to be used for specific purposes.

*Unassigned Fund Balance* – Unassigned fund balance is the residual classification for the General Fund.

**Levy County, Florida**  
**Notes to Financial Statements**  
**September 30, 2012**

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

The County's policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

Restricted Net Assets

In the accompanying statement of net assets, *restricted net assets* are subject to restrictions beyond the County's control. The restriction is either externally imposed (for instance, by creditors, grantors, contributors, or laws/regulations of other governments) or is imposed by law through constitutional provisions or enabling legislation. It is the practice of the County to utilize restricted assets before unrestricted assets.

The accompanying Statement of Net Assets includes approximately \$2,380,000 of net assets restricted by enabling legislation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

**NOTE 2 – CASH AND INVESTMENTS**

Deposits with Financial Institutions

The financial institutions in which the county agencies place their deposits are certified as "qualified public depositories," as required under the Florida Security for Public Deposits Act. Therefore, the deposits are entirely insured by Federal depository insurance and/or entirely collateralized pursuant to Chapter 280, Florida Statutes.

Investments

The County invests excess public funds pursuant to the guidelines established in Section 218.415, Florida Statutes, which authorizes investments in the following instruments: The Local Government Surplus Funds Trust Fund; Securities and Exchange Commission registered money market funds with the highest credit quality rating; savings accounts and certificates of deposit in qualified public depositories; and direct obligations of the U.S. Treasury.

The County's investments at September 30, 2012 are comprised of the following:

State Pool, Florida PRIME	\$ 4,356
State Pool, Fund B	79,997
Certificates of Deposit	<u>4,234,035</u>
Total	<u><u>\$4,318,388</u></u>

The County's investment in the State Pool exposes it to credit risk and interest rate risk. These risks are hereafter described.

**Levy County, Florida**  
**Notes to Financial Statements**  
**September 30, 2012**

**NOTE 2 – CASH AND INVESTMENTS**

*Credit Risk* – The risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Florida PRIME is rated by Standard & Poors. The rating at September 30, 2012 was AAAm. Fund B is not rated by any nationally recognized statistical rating agency.

*Interest Rate Risk* – The risk that changes in interest rates will adversely affect the fair value of an investment. A portfolio's WAL is the dollar weighted average length of time until securities held reach maturity. Since Fund B consists of restructured or defaulted securities, there is considerable uncertainty regarding the WAL.

The weighted average days to maturity (WAM) of the Florida PRIME at September 30, 2012 is 39 days.

The weighted average life (WAL) of Fund B at September 30, 2012, was 4.08 years.

The County does not have a formal investment policy relating to the aforementioned risks, other than Section 218.415, Florida Statutes, for investing public funds. That statute limits the County's exposure to credit risk and interest rate risk by limiting authorized investment options as previously described.

**NOTE 3 – PROPERTY TAXES**

In governmental funds, property tax revenues are recognized when levied, to the extent that they result in current receivables.

Details of the property tax calendar are presented below:

Lien Date	January 1
Levy Date	October 1
Discount Periods	November – February
No Discount Period	March
Delinquent Date	April 1

**NOTE 4 – MORTGAGE RECEIVABLE**

Mortgage receivable consists of a loan for \$24,500 plus interest of 4% per annum and is secured by the property. The unpaid balance as of September 30, 2012 was \$26,424 and is included in Receivables in the SHIP Fund, (a non-major governmental fund). A balloon payment of \$24,985 is due on July 1, 2014.

**Levy County, Florida**  
**Notes to Financial Statements**  
**September 30, 2012**

**NOTE 4 – MORTGAGE RECEIVABLE**

Scheduled repayments are as follows:

Year Ending September 30,	Amount
2013	\$ 1,800
2014	26,268
Total Payments	28,068
Amount Representing Interest	1,644
Present Value of Mortgage Receivable	\$ 26,424

**NOTE 5 – FUND BALANCE CLASSIFICATIONS**

Fund balance is *restricted* for the following purposes:

	General Fund	Road and Bridge	Road Impact Fee Fund	Sales Tax Revenue	Other Governmental Funds	Total
General Government	\$ -	\$ -	\$ -	\$ -	\$ 129,165	\$ 129,165
Public Safety	-	-	-	-	522,647	522,647
Physical Environment	9,531	-	-	-	-	9,531
Transportation	-	1,321,562	36,836	-	209,379	1,567,777
Economic Development	-	-	-	-	617,374	617,374
Culture and Recreation	75,697	-	-	-	5,431	81,128
Court Costs	3,209	-	-	-	2,313,763	2,316,972
Debt Service	-	-	-	676,760	-	676,760
Total Restricted Fund Balance	\$ 88,437	\$ 1,321,562	\$ 36,836	\$ 676,760	\$ 3,797,759	\$ 5,921,354

Fund balance is *assigned* for the following purposes:

	General Fund	Road and Bridge	Emergency Medical Services	Sales Tax Revenue	Other Governmental Funds	Total
Public Safety	\$ -	\$ -	\$ 483,632	\$ -	\$ 155,613	\$ 639,245
Physical Environment	-	-	-	-	47,795	47,795
Transportation	-	480,912	-	-	907,042	1,387,954
Capital Outlay	-	-	-	-	1,556,869	1,556,869
Debt Service	-	-	-	6,256,734	-	6,256,734
Subsequent Year's Expenditures	3,475,000	-	-	-	-	3,475,000
Total Assigned Fund Balance	\$ 3,475,000	\$ 480,912	\$ 483,632	\$ 6,256,734	\$ 2,667,319	\$ 13,363,597

**Levy County, Florida**  
**Notes to Financial Statements**  
**September 30, 2012**

**NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Governmental Funds

At September 30, 2012, General Fund payables consisted of 33% wages and benefits payable, 64% payable to vendors in the normal course of business, and 3% for tax deeds overbids.

The payables of the nonmajor governmental funds consist primarily of amounts due for goods and services received in the normal course of business.

Proprietary Fund

Enterprise Fund payables consisted of 17% wages and benefits payable and 83% payable to vendors in the normal course of business.

**NOTE 7 – INTERFUND BALANCES AND TRANSFERS**

At September 30, 2012, interfund balances consisted of:

	Due To					Total
	General	Road and Bridge	EMS Fund	Nonmajor Governmental	Proprietary	
<u>Due From</u>						
General Fund	\$ -	\$ 18,984	\$ 12,881	\$ 46,247	\$ 4,336	\$ 82,448
Road and Bridge	1,375	-	-	-	-	1,375
EMS Fund	526	19,611	-	-	-	20,137
Nonmajor Governmental	21,426	36,567	5,535	11,575	-	75,103
Proprietary	-	10,747	-	-	-	10,747
<b>Total</b>	<b>\$ 23,327</b>	<b>\$ 85,909</b>	<b>\$ 18,416</b>	<b>\$ 57,822</b>	<b>\$ 4,336</b>	<b>\$ 189,810</b>

The interfund balances resulted from the normal course of operations and are expected to be paid within one year.

Interfund transfers are summarized below:

	Transfers Out		Total
	General	Nonmajor Governmental	
<u>Transfers In</u>			
General Fund	\$ -	\$ 168,000	\$ 168,000
EMS Fund	244,348	-	244,348
Nonmajor Governmental	312,894	-	312,894
<b>Total</b>	<b>\$ 557,242</b>	<b>\$ 168,000</b>	<b>\$ 725,242</b>

Interfund transfers were made in the normal course of operations and are consistent with the activities of the fund making the transfer.

**Levy County, Florida**  
**Notes to Financial Statements**  
**September 30, 2012**

**NOTE 8 – DEFICIT FUND BALANCES**

At September 30, 2012, the Neighborhood Stabilization Fund and Community Redevelopment Block Grant had deficit fund balances of \$6,586 and \$13,007, respectively.

**NOTE 9 – CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets follows:

	Balance 10/1/2011	Increases	Decreases	Balance 9/30/2012
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 5,011,623	\$ -	\$ -	\$ 5,011,623
Capital Assets Being Depreciated:				
Buildings	19,975,079	89,013	41,564	20,022,528
Improvements	379,343	-	-	379,343
Equipment	16,921,013	1,521,980	447,831	17,995,162
Infrastructure	197,692,549	1,597,319	-	199,289,868
Assets Under Capital Lease	670,372	(670,372)	-	-
Total Capital Assets Being Depreciated	235,638,356	2,537,940	489,395	237,686,901
Less Accumulated Depreciation for:				
Buildings	6,373,904	395,424	27,958	6,741,370
Improvements	256,599	6,725	-	263,324
Equipment	11,549,197	1,909,201	408,178	13,050,220
Infrastructure	126,449,733	5,894,466	-	132,344,199
Assets Under Capital Lease	526,574	(526,574)	-	-
Total Accumulated Depreciation	145,156,007	7,679,242	436,136	152,399,113
Total Capital Assets Being Depreciated, Net	90,482,349	(5,141,302)	53,259	85,287,788
Governmental Activities Capital Assets, Net	<u>\$ 95,493,972</u>	<u>\$(5,141,302)</u>	<u>\$ 53,259</u>	<u>\$ 90,299,411</u>

**Levy County, Florida**  
**Notes to Financial Statements**  
**September 30, 2012**

**NOTE 9 – CHANGES IN CAPITAL ASSETS**

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 452,286
Public Safety	833,270
Physical Environment	20,763
Transportation	6,328,887
Economic Environment	1,057
Human Services	13,483
Culture/Recreation	28,494
Court Related	1,002
<b>Total</b>	<b><u><u>\$7,679,242</u></u></b>

	Balance 10/1/2011	Increases	Decreases	Balance 9/30/2012
<u>Business-type Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 239,648	\$ -	\$ -	\$ 239,648
Capital Assets Being Depreciated:				
Buildings	3,981,313	17,412	-	3,998,725
Equipment	2,193,306	38,887	-	2,232,193
Total Capital Assets Being Depreciated:	6,174,619	56,299	-	6,230,918
Less Accumulated Depreciation for:				
Buildings	336,088	80,424	-	416,512
Equipment	1,591,822	98,095	-	1,689,917
Total Accumulated Depreciation	1,927,910	178,519	-	2,106,429
Total Capital Assets Being Depreciated, Net	4,246,709	(122,220)	-	4,124,489
Business-type Activities Capital Assets, Net	\$ 4,486,357	\$ (122,220)	\$ -	\$ 4,364,137

**NOTE 10 – LONG-TERM LIABILITIES**

At September 30, 2012, the County's governmental activities long-term liabilities consisted of:

Sales Tax Revenue Bonds, Series 2003	\$ 5,360,000
Due to Other Governments - Medicaid Obligation	579,525
Compensated Absences	1,229,000
Other Postemployment Benefit Obligation	640,222
<b>Total Governmental Activities Long-Term Liabilities</b>	<b><u><u>\$ 7,808,747</u></u></b>

**Levy County, Florida**  
**Notes to Financial Statements**  
**September 30, 2012**

**NOTE 10 – LONG-TERM LIABILITIES**

Sales Tax Revenue Bonds, Series 2003

Levy County Sales Tax Revenue Bonds, Series 2003, dated July 31, 2003, were issued in the amount of \$8,385,000 to finance the costs of: (1) the expansion of the jail facility including all fixtures, equipment, and appurtenances; (2) the acquisition and construction of facilities to house the County's emergency medical services and transportation operations; and (3) capital improvements to the County Courthouse. Interest is payable semiannually on March 1 and September 1 at rates ranging from 3.25% to 4.45%. Principal is payable on September 1. Debt service is paid from the proceeds of the local government half-cent sales tax distributed by the State from the Local Government Half-Cent Sales Tax Clearing Trust Fund. The approximate amount of the pledge is equal to the remaining principal and interest of \$6,837,093. During 2012, \$1,240,996 of half-cent sales tax revenue was recognized and \$624,575 was paid for debt service.

Aggregate maturities of the bonds are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 395,000	\$ 224,715	\$ 619,715
2014	410,000	209,903	619,903
2015	430,000	194,118	624,118
2016	445,000	176,918	621,918
2017	465,000	158,895	623,895
2018-2022	2,620,000	486,066	3,106,066
2023	595,000	26,478	621,478
Total	<u>\$5,360,000</u>	<u>\$1,477,093</u>	<u>\$ 6,837,093</u>

Due to Other Governments – Medicaid Obligation

Pursuant to Florida House Bill 5301, the County incurred a liability during fiscal year 2012 for previously unpaid and disputed Medicaid billings from the State in the amount of \$596,083. An initial payment of \$16,558 was made during the year from the General Fund and classified as Human Services. The balance of \$579,525 will be deducted by the State from the County's share of its Revenue Sharing Proceeds. The County has agreed to pay \$182,137 in fiscal year 2013 and four annual payments of \$99,347.

Business-Type Long Term Liabilities

At September 30, 2012, the County's business-type activities long-term liabilities consisted of:

Accrued Landfill Closure and Long-term Care Costs	\$ 5,237,435
Compensated Absences	64,000
Total Business-type Activities Long-term Liabilities	<u>\$ 5,301,435</u>

**Levy County, Florida**  
**Notes to Financial Statements**  
**September 30, 2012**

NOTE 10 – LONG-TERM LIABILITIES

Accrued Landfill Closure and Long-Term Care Costs

The Florida Department of Environmental Protection (“FDEP”) requires all landfill operators to fund landfill closure costs before receiving a permit for landfill closure.

The County accrues a portion of the estimated future closure cost of the currently operating landfills each year even though actual payouts will not occur until the landfills are closed. The amount recognized each year is based on the landfill capacity used as of the balance sheet date. At September 30, 2012, the County has accrued \$233,189 for such estimated costs. This amount represents costs of \$197,431 for the Class III Landfill and \$35,758 for a Waste Tire Facility. The County closed its Class I and Class III Trench 1 Landfills in previous years. These closure costs have been accrued based on the following landfill capacities used to date:

Class III - Trench 2	25%
Waste Tire Facility	100%

Additionally, FDEP requires landfill owners to perform certain maintenance and monitoring functions at the landfill sites for twenty or thirty years after closure. A portion of these costs is recognized each period during the life of the landfill. The County has accrued \$5,004,246 for such estimated long-term care costs as of September 30, 2012.

The remaining estimated liability for closure and post closure costs is approximately \$1,065,629 which will be recognized as the remaining capacity is used.

The estimated costs of closure and post-closure care are subject to changes such as the effects of inflation, revision of laws and other variables.

Additionally, FDEP requires that landfill owners escrow landfill post-closure maintenance costs in addition to closure costs, in an amount sufficient to cover the following year’s long-term care costs once the landfills are capped. The County has escrowed \$766,252 to cover FDEP’s landfill closure cost requirements as of September 30, 2012 and has escrowed \$1,679,285 for long-term care costs.

**Levy County, Florida**  
**Notes to Financial Statements**  
**September 30, 2012**

**NOTE 11 – CHANGES IN LONG-TERM LIABILITIES**

A summary of changes in governmental activities long-term liabilities follows:

	Balance October 1, 2011			Balance September 30, 2012		Due Within One Year
	Additions	Deductions	2012	2012	2012	2012
Bonds Payable	\$ -	\$ 385,000	\$ 5,745,000	\$ 5,360,000	\$ 395,000	-
Capital Lease Obligation	-	51,912	51,912	-	-	-
Other Postemployment Benefit Obligation	185,500	-	454,722	640,222	-	-
Due to Other Governments - Medicaid Obligation	596,083	16,558	-	579,525	182,136	-
Compensated Absences	1,500,600	1,417,100	1,145,500	1,229,000	435,000	-
<b>TOTAL</b>	<b>\$ 2,282,183</b>	<b>\$ 1,870,570</b>	<b>\$ 7,397,134</b>	<b>\$ 7,808,747</b>	<b>\$ 1,012,136</b>	<b>\$ 1,012,136</b>

A summary of changes in business-type activities long-term liabilities follows:

	Balance October 1, 2011			Balance September 30, 2012		Due Within One Year
	Additions	Deductions	2011	2012	2012	2012
Accrued Landfill Closure and Long-Term Care Costs	\$ 158,412	\$ -	\$ 5,079,023	\$ 5,237,435	\$ 233,189	-
Compensated Absences	42,000	47,000	69,000	64,000	25,000	-
<b>TOTAL</b>	<b>\$ 200,412</b>	<b>\$ 47,000</b>	<b>\$ 5,148,023</b>	<b>\$ 5,301,435</b>	<b>\$ 258,189</b>	<b>\$ 258,189</b>

**NOTE 12 – PENSION PLAN**

*Plan Description.* The County contributes to the Florida Retirement System ("System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000, or by calling (850) 488-6491.

*Funding Policy.* The County is required to contribute at an actuarially determined rate. The rates at September 30, 2012 were as follows: Regular Employees 5.18%; Special Risk Employees 14.90%; Senior Management 6.30%; Elected Officials 10.23%; DROP 5.44%. Employees are required to contribute 3.00%. The contribution requirements of plan members and the County are established and may be amended by the Florida Legislature. The County's contributions to the System for the years ended September 30, 2012, 2011 and 2010 were \$1,300,000, \$2,149,500 and \$2,311,500, respectively, equal to the required contributions for each year.

**Levy County, Florida**  
**Notes to Financial Statements**  
**September 30, 2012**

NOTE 13 – OTHER POSTEMPLOYMENT BENEFIT PLANS

*Board of County Commissioners' OPEB Plan*

*Plan Description* – The County administers a single employer defined benefit plan for postemployment benefits other than pension benefits (OPEB Plan). The OPEB Plan provides for medical insurance for retirees and eligible dependents of the Board of County Commissioners and all Constitutional Officers, except the Sheriff.

The County provides health care coverage through a PPO or HMO plan offered through Blue Cross Blue Shield of Florida and administered by Public Risk Management Trust.

*Eligibility* – Employees of the Board of County Commissioners, Clerk of Courts, Tax Collector, Property Appraiser and Supervisor of Elections are eligible at age 62 with 6 years of service, or with 30 years of service, regardless of age. Employees may retire early at age 43 and 6 years of service. Service-incurred disabled employees may retire immediately, while non-duty related disabled employees may retire upon completion of 8 years of service. Once a retiree waives coverage, he is not eligible to participate in the future. Surviving spouses of deceased retirees are eligible for COBRA insurance coverage for 36 months if they were covered prior to the retiree's death.

As of October 1, 2010, the date of the latest actuarial valuation, plan participation consisted of 248 active employees and 13 retirees receiving benefits. Of the active employees, approximately 236 are not yet eligible to receive benefits.

A separate stand-alone financial statement is not prepared for the OPEB Plan.

*Funding Policy* – The contribution requirements of the plan members and the County are established and may be amended by the Levy County Board of County Commissioners. A trust has not been established. Contributions are being made based on pay-as-you-go financing requirements. Currently, non-Medicare retirees contribute the full active/retiree premiums. Medicare eligible retirees pay 100% of the "Medical Reduced Premium" rate, which is 25-30% less than the active participant's premium rates.

*Annual OPEB Cost and Net OPEB Obligation* – The County elected to implement Statement No. 45 prospectively effective October 1, 2008. The net OPEB obligation was set to zero at transition. It is assumed that the payment of the liability will be covered entirely by the General Fund. The annual cost (expense) of the County's OPEB Plan is calculated based on the Annual Required Contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB Plan cost for the year, the amount actually contributed by the employer, and the changes in the net OPEB obligation.

**Levy County, Florida**  
**Notes to Financial Statements**  
**September 30, 2012**

**NOTE 13 – OTHER POSTEMPLOYMENT BENEFIT PLANS**

Annual required contribution	\$	235,000
Interest on net OPEB obligation		19,400
Adjustments to ARC		(14,900)
Annual OPEB cost (expense)		239,500
Contributions made		(62,000)
Increase in net OPEB obligation		177,500
Net OPEB obligation - beginning of year		430,802
Net OPEB obligation - end of year	\$	608,302

*Trend Information:*

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net OPEB Obligation
9/30/2010	\$ 229,323	\$ 191,666	83.6%	\$ 248,802
9/30/2011	231,000	49,000	21.2%	430,802
9/30/2012	239,500	62,000	25.9%	608,302

*Actuarial Methods and Assumptions* – Calculations of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and 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 are designed to reduce short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial methods are:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Amortization period	30 years - closed
Asset valuation method	Market Value

**Levy County, Florida**  
**Notes to Financial Statements**  
**September 30, 2012**

**NOTE 13 – OTHER POSTEMPLOYMENT BENEFIT PLANS**

The actuarial assumptions are:

Discount rate	4.5%
Projected annual salaries increase	N/A
Inflation rate	3%
Mortality	RP-2000 Table; gender-specific
Healthcare cost trend rate	10% initial year; reduced 0.5% each year until reaching ultimate trend rate of 5.0% in 2021.

*Funded Status and Funding Progress* – The OPEB contributions made for the 2012 fiscal year were 25.9% of the annual OPEB cost. As of the actuarial valuation report dated October 1, 2010, the actuarial value of assets was \$0, the actuarial accrued liability for benefits was \$2.225 million, the unfunded actuarial accrued liability (UAAL) was also \$2.225 million, the funded ratio was 0%, the covered payroll was \$9,554,383, and the UAAL as a percentage of covered payroll was 23.3%.

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

*Sheriff's Office Plan*

The Office of the Sheriff administers a single employer defined benefit plan for post-employment benefits other than pension benefits (OPEB Plan). The OPEB Plan provides a health insurance subsidy for retirees and eligible dependents.

The Office provides health care coverage through a fully insured plan offered through Av-Med for retired employees of the Sheriff's Office. Substantially all employees may become eligible for those benefits if they reach normal retirement age while working for the Sheriff's Office and have provided six or more years of service.

As of October 1, 2011, the date of the latest actuarial valuation, plan participation consisted of 138 active employees and 8 retirees and dependents receiving benefits.

A separate stand-alone financial statement is not prepared for the OPEB Plan.

*Funding Policy* – The contribution requirements of the plan members and the Office are established and may be amended by the Levy County Sheriff. A trust has not been established. Contributions are being based on pay-as-you-go financing requirements.

*Annual OPEB Cost and Net OPEB Obligation* – The Office elected to implement Statement No. 45 prospectively effective October 1, 2008. The net OPEB obligation was set to zero at transition. The annual cost (expense) of the Office's OPEB Plan is calculated based on the Annual Required Contribution ("ARC"), an amount actuarially

**Levy County, Florida**  
**Notes to Financial Statements**  
**September 30, 2012**

**NOTE 13 – OTHER POSTEMPLOYMENT BENEFIT PLANS**

determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed 20 years. The following table shows the components of the Office’s annual OPEB Plan cost for the year, the amount actually contributed by the employer, and the changes in the OPEB Plan obligation.

Annual required contribution	\$	31,000
Interest on net OPEB obligation		1,000
Adjustments to ARC		(1,000)
Annual OPEB cost (expense)		31,000
Contributions made		(23,000)
Increase in net OPEB obligation		8,000
Net OPEB obligation - beginning of year		23,920
Net OPEB obligation - end of year	\$	31,920

*Trend Information:*

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net OPEB Obligation
9/30/2010	\$ 22,000	\$ 14,000	63.9%	\$ 16,000
9/30/2011	21,920	14,000	63.9%	23,920
9/30/2012	31,000	23,000	74.1%	31,920

*Actuarial Methods and Assumptions* – Calculations of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and 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 are designed to reduce short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial methods are:

Actuarial cost method	Projected unit credit
Amortization method	Level percent of projected payroll
Amortization period (open)	20 years; open-ended

**Levy County, Florida**  
**Notes to Financial Statements**  
**September 30, 2012**

**NOTE 13 – OTHER POSTEMPLOYMENT BENEFIT PLANS**

The actuarial assumptions are:

Investment rate of return	4.0%
Projected annual salaries increase	2.5%
Healthcare cost trend rate	10% initial year; reduced 0.5% each year until reaching ultimate trend rate of 5.0%
Mortality	2011 IRS PPA Funding Mortality Table

*Funded Status and Funding Progress* – The OPEB payments made for the 2012 fiscal year were 74.1% of the annual OPEB cost. As of the actuarial valuation report dated October 1, 2011, the actuarial value of assets was \$0, the actuarial accrued liability for benefits was \$244,000, the unfunded actuarial accrued liability (UAAL) was also \$244,000, the funded ratio was 0%, the covered payroll was \$5.6 million and the UAAL as a percentage of covered payroll was 4.4%.

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

**NOTE 14 – RISK MANAGEMENT**

**Commercial Insurance**

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. There were no significant reductions in insurance coverages from prior years. For the past three years, there have been no insurance settlements significantly in excess of insurance coverages.

**Public Entity Risk Pool**

For its health insurance, property, general liability and worker's compensation insurance, the County joined the Public Risk Management of Florida Insurance Trust (the "Trust"), a public entity risk pool currently operating as a common risk management and insurance program for several member governmental entities. The County pays an annual premium to the Trust for its coverage. The premiums are designed to fund the liability risks assumed by the Trust and are based on certain actual exposures of each member. Contributions also cover excess of loss reinsurance premiums.

**Levy County, Florida**  
**Notes to Financial Statements**  
**September 30, 2012**

**NOTE 14 – RISK MANAGEMENT**

The Sheriff participates in the Florida Sheriffs' self-insurance fund for risk related to professional police, automobile liability, and workers' compensation. Additionally, the Sheriff sponsors its own health insurance program for its employees. Aggregate coverage is two million dollars. The Sheriff had no settlements that exceeded coverage in the previous two fiscal years.

**NOTE 15 – COMMITMENTS AND CONTINGENCIES**

The County is involved in various litigation matters arising from the normal operations of a local government. It is the opinion of legal counsel that none of those matters will have a material financial impact on the financial statements of the County.

**NOTE 16 – SUBSEQUENT EVENTS**

On November 14, 2012, the County issued \$5,500,000 in Sales Tax Revenue Refunding Bonds, Series 2012 to advance refund the Sales Tax Revenue Bonds, Series 2003.

**NOTE 17 – FUTURE ACCOUNTING PRONOUNCEMENTS**

The following statements of the Governmental Accounting Standards Board will be effective for the County's 2013 fiscal year:

Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*

Statement No. 61, *The Financial Reporting Entity: Omnibus*

Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

The County is currently evaluating the effects that these statements will have on its financial statements for the year ended September 30, 2013.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Levy County, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual – General Fund**  
**For the Year Ended September 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u> <u>Budget</u>
<b><u>REVENUES</u></b>				
Taxes	\$ 16,249,210	\$ 16,249,210	\$ 15,777,672	\$ (471,538)
Permits, Fees and Special Assessments	158,000	158,000	173,988	15,988
Intergovernmental	3,791,451	3,602,055	3,707,237	105,182
Charges for Services	1,116,310	1,116,310	1,258,001	141,691
Fines and Forfeitures	4,350	3,000	4,017	1,017
Miscellaneous	284,000	285,350	366,323	80,973
<b>TOTAL REVENUES</b>	<b>21,603,321</b>	<b>21,413,925</b>	<b>21,287,238</b>	<b>(126,687)</b>
<b><u>EXPENDITURES</u></b>				
Current:				
General Government	6,952,805	6,928,310	6,266,669	661,641
Public Safety	11,075,970	10,927,749	10,737,423	190,326
Physical Environment	503,290	503,290	474,092	29,198
Economic Environment	243,401	243,401	205,669	37,732
Human Services	1,614,086	1,637,653	1,252,589	385,064
Culture and Recreation	666,028	676,682	561,854	114,828
Court Related	189,293	349,570	336,214	13,356
Reserve for Contingencies	1,877,047	2,153,603	-	2,153,603
<b>TOTAL EXPENDITURES</b>	<b>23,121,920</b>	<b>23,420,258</b>	<b>19,834,510</b>	<b>3,585,748</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,518,599)</b>	<b>(2,006,333)</b>	<b>1,452,728</b>	<b>3,459,061</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	224,948	233,741	168,000	(65,741)
Transfers Out	(555,422)	(555,422)	(557,242)	(1,820)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(330,474)</b>	<b>(321,681)</b>	<b>(389,242)</b>	<b>(67,561)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(1,849,073)</b>	<b>(2,328,014)</b>	<b>1,063,486</b>	<b>3,391,500</b>
<b>FUND BALANCES – BEGINNING OF YEAR</b>	<b>2,900,000</b>	<b>3,369,471</b>	<b>3,369,471</b>	<b>-</b>
<b>FUND BALANCES – END OF YEAR</b>	<b>\$ 1,050,927</b>	<b>\$ 1,041,457</b>	<b>\$ 4,432,957</b>	<b>\$ 3,391,500</b>

**Notes to Budgetary Comparison Schedule:**

The preparation, adoption, and amendment of the budgets are governed by Florida Statutes. The fund is the legal level of control. Budgets are prepared and adopted on a basis that does not differ materially from generally accepted accounting principles (GAAP). Appropriations lapse at year-end.

**Levy County, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual – Road and Bridge Fund**  
**For the Year Ended September 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes	\$ 1,236,000	\$ 1,236,000	\$ 1,232,967	\$ (3,033)
Permits, Fees and Special Assessments	5,000	5,000	4,650	(350)
Intergovernmental	3,065,076	3,065,076	2,912,994	(152,082)
Charges for Services	300	300	-	(300)
Miscellaneous	923,000	923,000	1,118,995	195,995
<b>TOTAL REVENUES</b>	<b>5,229,376</b>	<b>5,229,376</b>	<b>5,269,606</b>	<b>40,230</b>
<b><u>EXPENDITURES</u></b>				
Current:				
Transportation	6,717,907	6,717,907	5,854,927	862,980
Reserve for Contingencies	550,000	550,000	-	550,000
<b>TOTAL EXPENDITURES</b>	<b>7,267,907</b>	<b>7,267,907</b>	<b>5,854,927</b>	<b>1,412,980</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,038,531)</b>	<b>(2,038,531)</b>	<b>(585,321)</b>	<b>1,453,210</b>
<b>FUND BALANCES – BEGINNING OF YEAR</b>	<b>2,300,000</b>	<b>2,300,000</b>	<b>2,387,795</b>	<b>87,795</b>
<b>FUND BALANCES – END OF YEAR</b>	<b>\$ 261,469</b>	<b>\$ 261,469</b>	<b>\$ 1,802,474</b>	<b>\$ 1,541,005</b>

**Notes to Budgetary Comparison Schedule:**

The preparation, adoption, and amendment of the budgets are governed by Florida Statutes. The fund is the legal level of control. Budgets are prepared and adopted on a basis that does not differ materially from generally accepted accounting principles (GAAP). Appropriations lapse at year-end.

**Levy County, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual – Road Impact Fee Fund**  
**For the Year Ended September 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Permits, Fees and Special Assessments	\$ 123,400	\$ 123,400	\$ -	\$ (123,400)
Miscellaneous	<u>2,700</u>	<u>2,700</u>	<u>1,388</u>	<u>(1,312)</u>
<b>TOTAL REVENUES</b>	126,100	126,100	1,388	(124,712)
<b><u>EXPENDITURES</u></b>				
Current:				
Transportation	<u>976,794</u>	<u>976,794</u>	<u>-</u>	<u>976,794</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(850,694)	(850,694)	1,388	852,082
<b>FUND BALANCES – BEGINNING OF YEAR</b>	<u>857,000</u>	<u>857,000</u>	<u>35,448</u>	<u>(821,552)</u>
<b>FUND BALANCES – END OF YEAR</b>	<u><u>\$ 6,306</u></u>	<u><u>\$ 6,306</u></u>	<u><u>\$ 36,836</u></u>	<u><u>\$ 30,530</u></u>

**Notes to Budgetary Comparison Schedule:**

The preparation, adoption, and amendment of the budgets are governed by Florida Statutes. The fund is the legal level of control. Budgets are prepared and adopted on a basis that does not differ materially from generally accepted accounting principles (GAAP). Appropriations lapse at year-end.

**Levy County, Florida**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - EMS Fund**  
**For the Period Ended September 30, 2012**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
Permits, Fees and Special Assessments	\$1,904,384	\$1,904,384	\$ 1,765,453	\$ (138,931)
Intergovernmental Revenue	9,368	62,000	58,722	(3,278)
Charges for Services	1,778,000	1,778,000	1,711,891	(66,109)
Miscellaneous	1,000	1,000	3,101	2,101
<b>TOTAL REVENUES</b>	<b>3,692,752</b>	<b>3,745,384</b>	<b>3,539,167</b>	<b>(206,217)</b>
<b><u>EXPENDITURES</u></b>				
Current:				
Public Safety	3,792,806	4,085,571	3,611,270	474,301
Debt Service:				
Principal	51,912	51,912	51,912	-
Interest	2,373	2,373	2,373	-
<b>TOTAL EXPENDITURES</b>	<b>3,847,091</b>	<b>4,139,856</b>	<b>3,665,555</b>	<b>474,301</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(154,339)</b>	<b>(394,472)</b>	<b>(126,388)</b>	<b>268,084</b>
<b><u>OTHER FINANCING SOURCES</u></b>				
Transfers In	238,976	238,976	244,348	5,372
<b>NET CHANGE IN FUND BALANCES</b>	<b>84,637</b>	<b>(155,496)</b>	<b>117,960</b>	<b>273,456</b>
<b>FUND BALANCES – BEGINNING OF YEAR</b>	<b>100,000</b>	<b>342,765</b>	<b>365,672</b>	<b>22,907</b>
<b>FUND BALANCES – END OF YEAR</b>	<b>\$ 184,637</b>	<b>\$ 187,269</b>	<b>\$ 483,632</b>	<b>\$ 296,363</b>

**Notes to Budgetary Comparison Schedule:**

The preparation, adoption, and amendment of the budgets are governed by Florida Statutes. The fund is the legal level of control. Budgets are prepared and adopted on a basis that does not differ materially from generally accepted accounting principles (GAAP). Appropriations lapse at year-end.

**Levy County, Florida  
Required Supplementary Information  
Other Postemployment Benefits  
September 30, 2012**

Board of County Commissioners' Plan

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as % of Covered Payroll (B-A)/C
10/1/2010	\$ -	\$ 2,225,000	\$ 2,225,000	\$ -	\$ 9,554,383	23.3%
10/1/2008	-	1,377,813	1,377,813	-	10,033,127	13.7%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended	Required Employer Contributions	Actual Employer Contributions	Percentage Contributed
9/30/2010	\$ 229,323	\$ 191,666	83.6%
9/30/2011	231,000	49,000	21.2%
9/30/2012	239,500	62,000	25.9%

Notes:

1. The Board elected to implement GASB Statement No. 45 effective October 1, 2008. Therefore, information for preceding valuations is not available.
2. See Note 11 to the financial statements for detailed information on the Board's OPEB Plan.

**Levy County, Florida  
Required Supplementary Information  
Other Postemployment Benefits  
September 30, 2012**

Sheriff's Office Plan

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Year Ended</u>	<u>Required Employer Contributions</u>	<u>Actual Contributions</u>	<u>Percentage Contributed</u>
9/30/2010	\$ 22,000	\$ 14,000	63.6%
9/30/2011	22,000	14,000	63.6%
9/30/2012	31,000	23,000	74.2%

Notes:

1. The Sheriff elected to implement GASB Statement No. 45 effective October 1, 2008. Therefore, information for preceding valuations is not available.
2. See Note 11 to the financial statements for detailed information on the Sheriff's OPEB Plan.

**SUPPLEMENTARY INFORMATION**

**Levy County, Florida**  
**Combining Balance Sheet – Nonmajor Governmental Funds**  
**September 30, 2012**

	<b>Special Revenue Funds</b>					
	<b>E911</b>	<b>Inter-Governmental Communications</b>	<b>Court Facilities</b>	<b>Drug Task Force</b>	<b>MSTU</b>	<b>Fire Control</b>
<b><u>ASSETS</u></b>						
Cash and Equivalents	\$ 160,610	\$ 77,067	\$ 591,117	\$ 142,626	\$ 124,703	\$ 330,148
Investments	5,421	602	6,005	66	825	2,349
Due from Other Funds	32,086	1,359	5,264	981	3,273	6,675
Due from Other Governments	26,886	-	-	-	-	-
Receivables	-	-	-	-	-	-
Prepays	-	-	-	-	-	368
<b>TOTAL ASSETS</b>	<b><u>\$ 225,003</u></b>	<b><u>\$ 79,028</u></b>	<b><u>\$ 602,386</u></b>	<b><u>\$ 143,673</u></b>	<b><u>\$ 128,801</u></b>	<b><u>\$ 339,540</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
<b><u>LIABILITIES</u></b>						
Accounts Payable and Accrued Liabilities	\$ 57	\$ -	\$ -	\$ -	\$ -	\$ 223,733
Due to Other Funds	-	-	-	-	734	405
Deposits	-	-	-	-	-	-
Deferred Revenue	13,305	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b><u>13,362</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>734</u></b>	<b><u>224,138</u></b>
<b><u>FUND BALANCES</u></b>						
Nonspendable	-	-	-	-	-	368
Restricted	211,641	79,028	602,386	143,673	128,067	-
Assigned	-	-	-	-	-	115,034
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b><u>211,641</u></b>	<b><u>79,028</u></b>	<b><u>602,386</u></b>	<b><u>143,673</u></b>	<b><u>128,067</u></b>	<b><u>115,402</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 225,003</u></b>	<b><u>\$ 79,028</u></b>	<b><u>\$ 602,386</u></b>	<b><u>\$ 143,673</u></b>	<b><u>\$ 128,801</u></b>	<b><u>\$ 339,540</u></b>

**Levy County, Florida**  
**Combining Balance Sheet – Nonmajor Governmental Funds**  
**September 30, 2012**

(continued)

	<b>Special Revenue Funds</b>						
	<b>SHIP</b>	<b>Technology and Crime Prevention</b>	<b>Utilities</b>	<b>Progress Energy Grant</b>	<b>Judicial Grant</b>	<b>Tourist Develop- ment</b>	<b>Additional Court Costs</b>
<b>ASSETS</b>							
Cash and Equivalents	\$ 429,335	\$ 3,342	\$ 55,062	\$ 18,556	\$ 1,323,632	\$ 174,972	\$ 86,538
Investments	9,848	2,805	-	-	535	445	-
Due from Other Funds	-	4,170	-	-	-	-	1,721
Due from Other Governments	-	-	-	-	-	10,057	-
Receivables	26,424	-	4,232	-	-	-	-
Prepays	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 465,607</b>	<b>\$ 10,317</b>	<b>\$ 59,294</b>	<b>\$ 18,556</b>	<b>\$ 1,324,167</b>	<b>\$ 185,474</b>	<b>\$ 88,259</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts Payable and Accrued Liabilities	\$ -	\$ 10,317	\$ 2,449	\$ 1,976	\$ -	\$ 6,304	\$ 4,882
Due to Other Funds	317	-	702	-	-	812	-
Deposits	-	-	6,217	-	-	-	-
Deferred Revenue	26,274	-	2,132	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>26,591</b>	<b>10,317</b>	<b>11,500</b>	<b>1,976</b>	<b>-</b>	<b>7,116</b>	<b>4,882</b>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted	439,016	-	-	16,580	1,324,167	178,358	83,377
Assigned	-	-	47,794	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>439,016</b>	<b>-</b>	<b>47,794</b>	<b>16,580</b>	<b>1,324,167</b>	<b>178,358</b>	<b>83,377</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 465,607</b>	<b>\$ 10,317</b>	<b>\$ 59,294</b>	<b>\$ 18,556</b>	<b>\$ 1,324,167</b>	<b>\$ 185,474</b>	<b>\$ 88,259</b>

**Levy County, Florida**  
**Combining Balance Sheet – Nonmajor Governmental Funds**  
**September 30, 2012**

(continued)

	Special Revenue Funds						
	Public Trans- portation	EMS Impact Fee Fund	Parks Impact Fee Fund	Neighbor- hood Stabili- zation Fund	Community Redevelop- ment Block Grant	Public Records Moderization Trust Fund	Clerk's Fine & Forteit- ures
<b>ASSETS</b>							
Cash and Equivalents	\$ 810,186	\$ 76,581	\$ 170,462	\$ -	\$ -	\$ 406,326	\$ 177,421
Investments	5,497	-	-	-	-	3,382	-
Due from Other Funds	-	-	-	-	-	2,293	-
Due from Other Governments	385,189	-	-	-	13,007	-	-
Receivables	2,239	-	-	-	-	-	115
Prepays	300	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,203,411</b>	<b>\$ 76,581</b>	<b>\$ 170,462</b>	<b>\$ -</b>	<b>\$ 13,007</b>	<b>\$ 412,001</b>	<b>\$ 177,536</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts Payable and Accrued Liabilities	\$ 22,400	\$ -	\$ -	\$ -	\$ 3,400	\$ -	\$ 94,021
Due to Other Funds	34,071	5,535	-	6,586	9,607	776	14,945
Deposits	-	-	-	-	-	-	46,797
Deferred Revenue	158,286	68,712	165,031	-	13,007	-	-
<b>TOTAL LIABILITIES</b>	<b>214,757</b>	<b>74,247</b>	<b>165,031</b>	<b>6,586</b>	<b>26,014</b>	<b>776</b>	<b>155,763</b>
<b>FUND BALANCES</b>							
Nonspendable	300	-	-	-	-	-	-
Restricted	81,312	2,334	5,431	-	-	411,225	21,773
Assigned	907,042	-	-	-	-	-	-
Unassigned	-	-	-	(6,586)	(13,007)	-	-
<b>TOTAL FUND BALANCES</b>	<b>988,654</b>	<b>2,334</b>	<b>5,431</b>	<b>(6,586)</b>	<b>(13,007)</b>	<b>411,225</b>	<b>21,773</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,203,411</b>	<b>\$ 76,581</b>	<b>\$ 170,462</b>	<b>\$ -</b>	<b>\$ 13,007</b>	<b>\$ 412,001</b>	<b>\$ 177,536</b>

**Levy County, Florida**  
**Combining Balance Sheet – Nonmajor Governmental Funds**  
**September 30, 2012**

(concluded)

	<u>Special Revenue Funds</u>			<u>Capital Projects Funds</u>	<u>Totals</u>
	<u>Sheriff Inmate Welfare</u>	<u>Sheriff Federal Forteit- ures</u>	<u>Sheriff Donations Fund</u>	<u>Special Capital Improve- ments</u>	
<u>ASSETS</u>					
Cash and Equivalents	\$ 43,748	\$ 65,510	\$ 3,881	\$ 1,550,565	\$ 6,822,388
Investments	-	-	-	6,304	44,084
Due from Other Funds	-	-	-	-	57,822
Due from Other Governments	-	-	-	-	435,139
Receivables	-	-	-	-	33,010
Prepays	-	-	-	-	668
<b>TOTAL ASSETS</b>	<b><u>\$ 43,748</u></b>	<b><u>\$ 65,510</u></b>	<b><u>\$ 3,881</u></b>	<b><u>\$ 1,556,869</u></b>	<b><u>\$ 7,393,111</u></b>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts Payable and Accrued Liabilities	\$ 2,555	\$ -	\$ -	\$ -	\$ 372,094
Due to Other Funds	613	-	-	-	75,103
Deposits	-	-	-	-	53,014
Deferred Revenue	-	-	-	-	446,747
<b>TOTAL LIABILITIES</b>	<b><u>3,168</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>946,958</u></b>
<u>FUND BALANCES</u>					
Nonspendable	-	-	-	-	668
Restricted	-	65,510	3,881	-	3,797,759
Assigned	40,580	-	-	1,556,869	2,667,319
Unassigned	-	-	-	-	(19,593)
<b>TOTAL FUND BALANCES</b>	<b><u>40,580</u></b>	<b><u>65,510</u></b>	<b><u>3,881</u></b>	<b><u>1,556,869</u></b>	<b><u>6,446,153</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 43,748</u></b>	<b><u>\$ 65,510</u></b>	<b><u>\$ 3,881</u></b>	<b><u>\$ 1,556,869</u></b>	<b><u>\$ 7,393,111</u></b>

**Levy County, Florida**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2012**

	<b>Special Revenue Funds</b>						
	<b>E911</b>	<b>Inter-Governmental Communi- cations</b>	<b>Court Facilities</b>	<b>Drug Task Force</b>	<b>MSTU</b>	<b>Fire Control</b>	<b>SHIP</b>
<b>REVENUES</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits, Fees and Special Assessments	-	-	-	-	211,971	783,775	-
Intergovernmental Revenue	363,930	-	-	-	-	-	-
Charges for Services	-	-	84,120	500	-	-	-
Fines and Forfeitures	-	23,259	-	87,017	-	-	-
Miscellaneous Revenue	1,465	220	2,372	9,528	-	46,403	21,277
<b>TOTAL REVENUES</b>	<b>365,395</b>	<b>23,479</b>	<b>86,492</b>	<b>97,045</b>	<b>211,971</b>	<b>830,178</b>	<b>21,277</b>
<b>EXPENDITURES</b>							
Current:							
General Government	-	-	-	-	-	-	-
Public Safety	134,313	59,548	-	15,183	-	1,083,472	-
Physical Environment	-	-	-	-	-	-	-
Transportation	-	-	-	-	178,889	-	-
Economic Environment	-	-	-	-	-	-	237,363
Culture/Recreation	-	-	-	-	-	-	-
Court Costs	-	-	3,284	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>134,313</b>	<b>59,548</b>	<b>3,284</b>	<b>15,183</b>	<b>178,889</b>	<b>1,083,472</b>	<b>237,363</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>231,082</b>	<b>(36,069)</b>	<b>83,208</b>	<b>81,862</b>	<b>33,082</b>	<b>(253,294)</b>	<b>(216,086)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	32,086	-	-	-	-	280,808	-
Transfers Out	(168,000)	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(135,914)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>280,808</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>95,168</b>	<b>(36,069)</b>	<b>83,208</b>	<b>81,862</b>	<b>33,082</b>	<b>27,514</b>	<b>(216,086)</b>
<b>FUND BALANCES - October 1, 2011</b>	<b>116,473</b>	<b>115,097</b>	<b>519,178</b>	<b>61,811</b>	<b>94,985</b>	<b>87,888</b>	<b>655,102</b>
<b>FUND BALANCES - September 30, 2012</b>	<b>\$ 211,641</b>	<b>\$ 79,028</b>	<b>\$ 602,386</b>	<b>\$ 143,673</b>	<b>\$ 128,067</b>	<b>\$ 115,402</b>	<b>\$ 439,016</b>

**Levy County, Florida**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2012**

(continued)

<b>Special Revenue Funds</b>							
	<b>Technology and Crime Prevention</b>	<b>Utilities</b>	<b>Progress Energy Grant</b>	<b>Judicial Grant</b>	<b>Tourist Development</b>	<b>Additional Court Costs</b>	<b>Public Transportation</b>
<b>REVENUES</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 159,841	\$ -	\$ -
Permits, Fees and Special Assessments	-	-	-	-	-	-	-
Intergovernmental Revenue	-	-	-	-	-	-	518,256
Charges for Services	43,984	57,255	-	-	-	26,448	631,974
Fines and Forfeitures	-	-	-	-	-	-	-
Miscellaneous Revenue	884	46	110,786	2,212	361	-	66,363
<b>TOTAL REVENUES</b>	<b>44,868</b>	<b>57,301</b>	<b>110,786</b>	<b>2,212</b>	<b>160,202</b>	<b>26,448</b>	<b>1,216,593</b>
<b>EXPENDITURES</b>							
Current:							
General Government	-	-	-	-	-	-	-
Public Safety	-	-	94,206	-	-	-	-
Physical Environment	-	102,246	-	-	-	-	-
Transportation	-	-	-	-	-	-	1,424,265
Economic Environment	-	-	-	-	156,438	-	-
Culture/Recreation	-	-	-	-	-	-	-
Court Costs	60,746	-	-	-	-	32,827	-
<b>TOTAL EXPENDITURES</b>	<b>60,746</b>	<b>102,246</b>	<b>94,206</b>	<b>-</b>	<b>156,438</b>	<b>32,827</b>	<b>1,424,265</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(15,878)</b>	<b>(44,945)</b>	<b>16,580</b>	<b>2,212</b>	<b>3,764</b>	<b>(6,379)</b>	<b>(207,672)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(15,878)</b>	<b>(44,945)</b>	<b>16,580</b>	<b>2,212</b>	<b>3,764</b>	<b>(6,379)</b>	<b>(207,672)</b>
<b>FUND BALANCES - October 1, 2011</b>	<b>15,878</b>	<b>92,739</b>	<b>-</b>	<b>1,321,955</b>	<b>174,594</b>	<b>89,756</b>	<b>1,196,326</b>
<b>FUND BALANCES - September 30, 2012</b>	<b>\$ -</b>	<b>\$ 47,794</b>	<b>\$ 16,580</b>	<b>\$ 1,324,167</b>	<b>\$ 178,358</b>	<b>\$ 83,377</b>	<b>\$ 988,654</b>

**Levy County, Florida**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2012**

(continued)

	<u>Special Revenue Funds</u>					
	<u>EMS Impact Fee Fund</u>	<u>Parks Impact Fee Fund</u>	<u>Neighborhood Stabilization Program</u>	<u>Community Redevelopment Block Grant</u>	<u>Public Records Modernization Trust Fund</u>	<u>Clerk's Fine &amp; Forfeiture</u>
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits, Fees and Special Assessments	17,510	825	-	-	-	-
Intergovernmental Revenue	-	-	-	39,438	-	902,186
Charges for Services	-	-	-	-	56,794	-
Fines and Forfeitures	-	-	-	-	32,628	-
Miscellaneous Revenue	124	253	-	-	494	-
<b>TOTAL REVENUES</b>	<b>17,634</b>	<b>1,078</b>	<b>-</b>	<b>39,438</b>	<b>89,916</b>	<b>902,186</b>
<b>EXPENDITURES</b>						
Current:						
General Government	-	-	-	-	823	-
Public Safety	17,510	-	-	-	-	-
Physical Environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic Environment	-	-	6,586	52,445	-	-
Culture/Recreation	-	825	-	-	-	-
Court Costs	-	-	-	-	153,834	918,588
<b>TOTAL EXPENDITURES</b>	<b>17,510</b>	<b>825</b>	<b>6,586</b>	<b>52,445</b>	<b>154,657</b>	<b>918,588</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>124</b>	<b>253</b>	<b>(6,586)</b>	<b>(13,007)</b>	<b>(64,741)</b>	<b>(16,402)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>124</b>	<b>253</b>	<b>(6,586)</b>	<b>(13,007)</b>	<b>(64,741)</b>	<b>(16,402)</b>
<b>FUND BALANCES - October 1, 2011</b>	<b>2,210</b>	<b>5,178</b>	<b>-</b>	<b>-</b>	<b>475,966</b>	<b>38,175</b>
<b>FUND BALANCES - September 30, 2012</b>	<b>\$ 2,334</b>	<b>\$ 5,431</b>	<b>\$ (6,586)</b>	<b>\$ (13,007)</b>	<b>\$ 411,225</b>	<b>\$ 21,773</b>

**Levy County, Florida**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended September 30, 2012**

(concluded)

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	<u>Totals</u>
	<u>Sheriff Inmate Welfare Fund</u>	<u>Sheriff Federal For- feitures</u>	<u>Sheriff Donations Fund</u>	<u>Special Capital Improve- ments</u>	
<b><u>REVENUES</u></b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 159,841
Permits, Fees and Special Assessments	-	-	-	-	1,014,081
Intergovernmental Revenue	-	-	-	-	1,823,810
Charges for Services	72,567	-	-	-	973,642
Fines and Forfeitures	-	87,000	-	-	229,904
Miscellaneous Revenue	559	18,079	1,642	27,738	310,806
<b>TOTAL REVENUES</b>	<b>73,126</b>	<b>105,079</b>	<b>1,642</b>	<b>27,738</b>	<b>4,512,084</b>
<b><u>EXPENDITURES</u></b>					
Current:					
General Government	-	-	-	-	823
Public Safety	79,176	110,525	2,725	-	1,596,658
Physical Environment	-	-	-	-	102,246
Transportation	-	-	-	-	1,603,154
Economic Environment	-	-	-	-	452,832
Culture/Recreation	-	-	-	-	825
Court Costs	-	-	-	-	1,169,279
<b>TOTAL EXPENDITURES</b>	<b>79,176</b>	<b>110,525</b>	<b>2,725</b>	<b>-</b>	<b>4,925,817</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(6,050)</b>	<b>(5,446)</b>	<b>(1,083)</b>	<b>27,738</b>	<b>(413,733)</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers In	-	-	-	-	312,894
Transfers Out	-	-	-	-	(168,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>144,894</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(6,050)</b>	<b>(5,446)</b>	<b>(1,083)</b>	<b>27,738</b>	<b>(268,839)</b>
<b>FUND BALANCES - October 1, 2011</b>	<b>46,630</b>	<b>70,956</b>	<b>4,964</b>	<b>1,529,131</b>	<b>6,714,992</b>
<b>FUND BALANCES - September 30, 2012</b>	<b>\$ 40,580</b>	<b>\$ 65,510</b>	<b>\$ 3,881</b>	<b>\$ 1,556,869</b>	<b>\$ 6,446,153</b>

**Levy County, Florida**  
**Combining Statement of Fiduciary Net Assets**  
**September 30, 2012**

	<b>Agency Funds</b>			
	<b>Clerk of the Circuit Court</b>	<b>Sheriff</b>	<b>Tax Collector</b>	<b>Totals</b>
<b><u>ASSETS</u></b>				
Cash and Equivalents	\$ 171,162	\$ 27,794	\$ 1,172,632	\$ 1,371,588
Receivables	1,663	-	1,822	3,485
<b>TOTAL ASSETS</b>	172,825	27,794	1,174,454	1,375,073
<b><u>LIABILITIES</u></b>				
Assets Held for Others	172,825	27,794	1,174,454	1,375,073
<b>NET ASSETS</b>	\$ -	\$ -	\$ -	\$ -

**Levy County, Florida**  
**Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**For the Year Ended September 30, 2012**

<b>Federal Grantor/ Pass Through Agency/ Program Title</b>	<b>CFDA Number</b>	<b>Contract/ Grant Number</b>	<b>Expendi- tures</b>	<b>Program Totals</b>
<b><u>DEPARTMENT OF HOMELAND SECURITY</u></b>				
Passed Through Department of Community Affairs:				
Emergency Management Performance Grant	97.042	11-FG-7W-05-48-01-057	\$ 53,054	
Disaster Grants-Public Assistance-Tropical Storm Debby	97.036	13-DB-73-05-48-02-584	34,456	
Homeland Security Grant	97.067	10-DS-39-05-48-01-350	2,059	
Homeland Security Grant-FY10 SHSGP Issue #10	97.067	11-DS-9Z-05-48-01-382	14,741	16,800
<b><u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>				
Passed Through Department of Community Affairs:				
Community Development Block Grant	14.228	11DB-C5-05-48-01-H-05	52,445	
Passed Through Department of Economic Opportunity:				
Neighborhood Stabilization Program 3	14.228	12DB-Q5-05-48-01-F-05	6,586	59,031
<b><u>DEPARTMENT OF COMMERCE - NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION</u></b>				
Passed Through Alachua County Sheriff's Office:				
Public Safety Interoperable Communications Grant (PSIC Regional Radio Equipment Grant)-NonCash	11.555	12-DS-80-03-11-01-162	178,501	
<b><u>DEPARTMENT OF JUSTICE</u></b>				
Direct:				
Equitable Sharing Proceeds	16.922	N/A	110,526	
Passed Through Office of the Attorney General:				
VOCA	16.575	V11022	47,446	
Passed Through State Department of Law Enforcement:				
Byrne Memorial Justice Assistance - Anti-Drug Grant	16.738	2011-JAGC-LEVY-1-B2-051	7,774	
Byrne Memorial Justice Assistance - Anti-Drug Grant	16.738	2012-JAGC-LEVY-1-C4-217	60,003	
Direct:				
Edward Byrne Memorial JAG-Mobile Infrastructure Enhancement Plan	16.738	2011-DJ-BX-2220	14,814	82,591
<b><u>DEPARTMENT OF TRANSPORTATION</u></b>				
Passed Through State Department of Transportation:				
(Section 5311) - Formula Grants for Other than Urbanized Areas	20.509	AQE65	162,617	
(Section 5310) - Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	FLX16-036	35,426	
(Section 5316) - Job Access - Reverse Commute - Operating	20.516	AQP16	28,429	
(Section 5316) - Job Access - Reverse Commute - Operating	20.516	APT74	32,189	
(Section 5317) - New Freedom Program	20.521	AQP18	4,213	
(Section 5317) - New Freedom Program	20.521	APY94	22,195	
TRANSIT SERVICES PROGRAMS CLUSTER				122,452
<b><u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>				
Passed Through Department of Revenue:				
Child Support Enforcement Title IV - D	93.563	CD-338	50,379	
Passed Through Department of Transportation-Florida Commission for the Transportation Disadvantaged:				
Medical Assistance Program (Medicaid, Title XIX)	93.778	BDM80	449,648	
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 1,367,501</b>	

(Continued)

**Levy County, Florida**  
**Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**For the Year Ended September 30, 2012**

<u>State Agency/Project Title</u>	<u>CSFA Number</u>	<u>Contract/ Grant Number</u>	<u>Expendi- tures</u>	<u>Project Totals</u>
<u>EXECUTIVE OFFICE OF THE GOVERNOR</u>				
Emergency Management Programs	31.063	13-BG-83-09-48-01-038	\$ 33,478	
<u>DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>				
Small County Consolidated Grants	37.012	221SC	70,588	
<u>DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES</u>				
Bureau of Entomology and Pest Control				
Mosquito Control State Aid	42.003	17233	24,088	
<u>DEPARTMENT OF STATE, SECRETARY OF STATE</u>				
State Aid to Libraries	45.030	11-ST-53	5,497	
State Aid to Libraries	45.030	12-ST-51	76,676	82,173
<u>DEPARTMENT OF COMMUNITY AFFAIRS</u>				
Emergency Management Programs	52.008	12-BG-05-09-48-01-038	79,776	
<u>FLORIDA HOUSING FINANCE CORPORATION</u>				
State Housing Initiatives Partnership Program	52.901	2008-2009	25,654	
State Housing Initiatives Partnership Program	52.901	2009-2010	155,838	
State Housing Initiatives Partnership Program	52.901	2011-2012	55,872	237,364
<u>DEPARTMENT OF TRANSPORTATION</u>				
Commission for the Transportation Disadvantaged (CTD)				
Trip/Equipment Grant	55.001	AQC00	200,007	
Trip/Equipment Grant	55.001	AQO15	57,043	
Trip/Equipment Grant - RCAP	55.001	AQI64	62,301	
Trip/Equipment Grant - FENCING	55.001	FLX16-036	4,428	323,779
County Incentive Grant Program	55.008	424358-1-58-01; AQ440	368,747	
Small County Road Assistance Program	55.016	430730-58-01	2,978	
Small County Road Assistance Program	55.016	428999-1-58-01	242,846	245,824
<u>DEPARTMENT OF HEALTH</u>				
Emergency Medical Services	64.005	M1061	45,466	
Emergency Medical Services County Grant	64.005	C0038	7,551	53,017
<u>DEPARTMENT OF MANAGEMENT SERVICES</u>				
Enhanced 911 Emergency Telephone System	72.001	11-12-46	9,600	
Enhanced 911 Emergency Telephone System	72.001	11-04-09	25,733	
Enhanced 911 Emergency Telephone System	72.001	11-12-48	55,480	
Enhanced 911 Emergency Telephone System	72.001	11-10-23	3,500	
Enhanced 911 Emergency Telephone System	72.001	11-12-47	25,000	119,313
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>\$ 1,638,147</u>	

The accompanying notes are an integral part of this schedule.

**Levy County, Florida**  
**Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**For the Year Ended September 30, 2012**

NOTE 1 – BASIS OF PRESENTATION

In the accompanying schedule of expenditures of federal awards and state financial assistance, expenditures generally represent allowable costs, determined in accordance with generally accepted accounting principles, using the modified accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

NOTE 2 – SUBRECIPIENTS

The County did not provide federal or state awards to subrecipients.

**ADDITIONAL ELEMENTS REQUIRED BY THE  
RULES OF THE AUDITOR GENERAL**

## Management Letter

The Honorable County Commissioners  
Levy County, Florida

We have audited the financial statements of Levy County, Florida (the "County"), as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated June 26, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and U.S. Office of Management and Budget Circular A-133. 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 require that certain items be addressed in this letter.

### Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. These requirements of the Rules of the Auditor General are addressed in the Schedule of Findings that accompanies this letter.

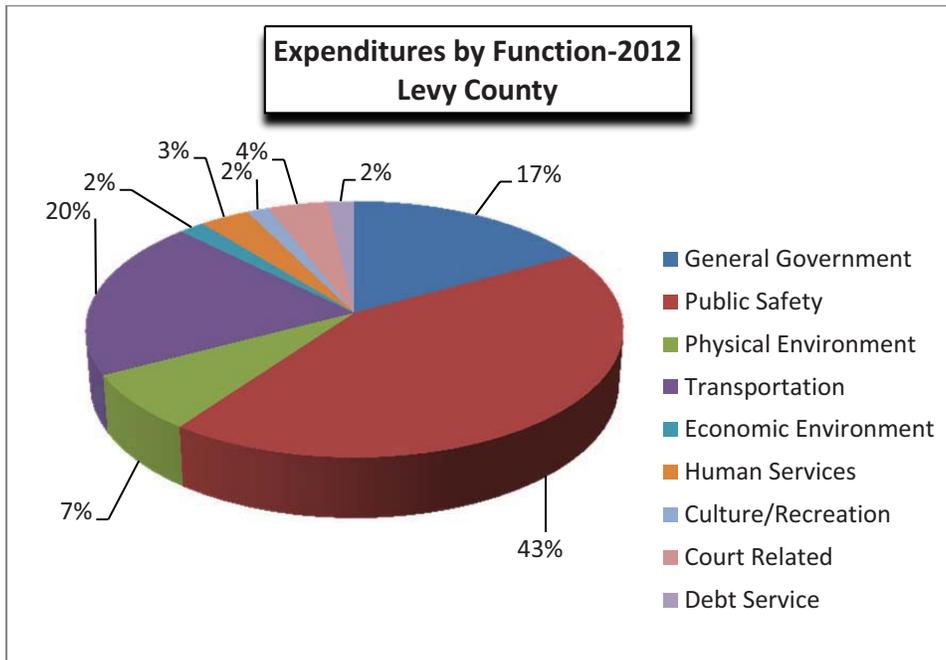
### Financial Condition

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.503, Florida Statutes, "Determination of Financial Emergency." In connection with our audit, we determined that the County has not met one or more of the conditions described in Section 218.503(1), Florida Statutes.

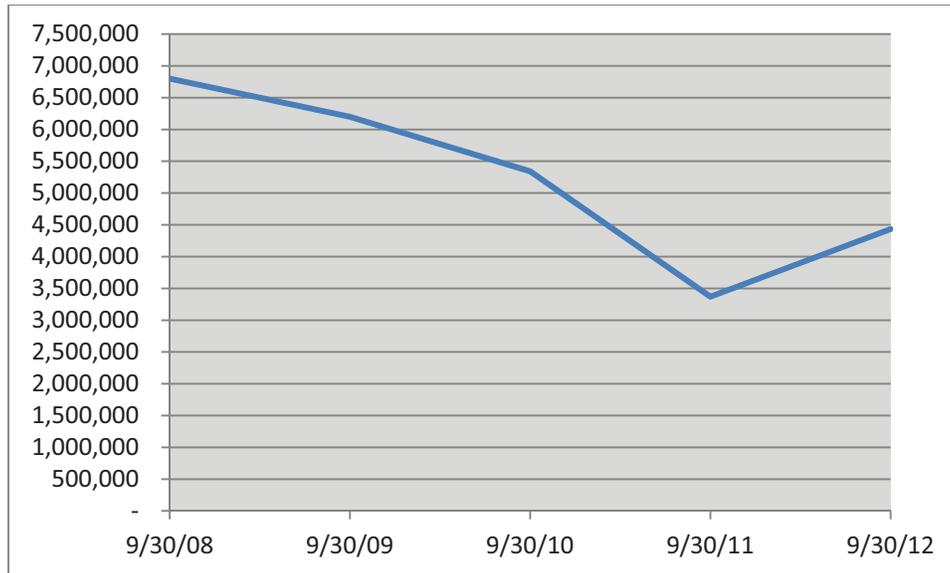
Also, as required by the Rules of the Auditor General, we applied financial condition assessment procedures, as of the end of the fiscal year, pursuant to Rule 10.556(7). It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management. The application of such procedures did not reveal evidence of "deteriorating financial condition" as that term is defined in Rule 10.554.

The Following tabulation represents the County's expenditures.

<u>Expenditure/Expense Category</u>	2012 Amount	<u>% of Total Expenditures</u>		
		2012	2011	2010
General Government	\$ 6,267,492	16.9%	16.8%	18.7%
Public Safety	15,945,351	43.1%	41.4%	43.7%
Physical Environment	2,705,870	7.3%	6.7%	6.0%
Transportation	7,458,081	20.1%	21.5%	19.3%
Economic Environment	658,501	1.8%	1.4%	1.6%
Human Services	1,252,589	3.4%	3.7%	3.2%
Culture/Recreation	562,679	1.5%	1.6%	1.6%
Court Related	1,505,493	4.1%	4.7%	3.8%
Capital Outlay	-	0.0%	0.2%	0.2%
Debt Service	678,860	1.8%	1.8%	1.9%
<b>TOTAL</b>	<b>\$37,034,916</b>			



Additionally, the following graph represents a five-year trend in fund balances of the General Fund.



Fund balance increased approximately 31.5% in the last year. As of September 30, 2012 the fund balance was \$4,433,000 which is approximately 22% of recurring expenditures and transfers to Officers.

#### Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal any instances of noncompliance with the provisions of Section 218.415, Florida Statutes.

#### Annual Financial Report

As required by the Rules of the Auditor General, we determined that the annual financial report for the County for the fiscal year ended September 30, 2012, filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, is in substantial agreement with the audit report for the fiscal year ended September 30, 2012.

#### Other Matters

As required by the Rules of the Auditor General, we performed separate audits of each of the County's constitutional officers. The comments included in those separately-issued reports should be considered in conjunction with this management letter.

The Honorable County Commissioners  
Levy County, Florida  
Page 4

This management letter is intended solely for the information and use of the County and its management, and appropriate audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram LLC". The signature is written in a cursive style and is centered on the page.

June 26, 2013  
Gainesville, Florida

## Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

The Honorable County Commissioners  
Levy County, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Levy County, Florida (the "County") as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 26, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

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

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, we identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 12-1 that we consider 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.

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 noted certain matters, which we have reported in separately-issued reports for the County's constitutional officers.

The County's response to the finding identified in our audit is described in its accompanying letter of response. 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 and its management, and appropriate oversight agencies, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram LLC". The signature is written in a cursive, flowing style.

June 26, 2013  
Gainesville, Florida

**Report on Compliance With Requirements That Could Have a Direct  
and Material Effect on Each Major Program and Project and on  
Internal Control Over Compliance**

The Honorable County Commissioners  
Levy County, Florida

Compliance

We have audited the compliance of Levy County, Florida (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 State Projects Compliance Supplement that could have a direct and material effect on its major federal program and each of its major state projects for the year ended September 30, 2012. The County's major federal program and state projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program and each of its major state projects is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, 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 compliance requirements referred to above that could have a direct and material effect on its major federal program and each of its major state projects for the year ended September 30, 2012.

Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a major federal program or major state project in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 12-2 and 12-3. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The County's response to the findings identified in our audit is described in its accompanying letter of response. 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 and its management, and appropriate oversight agencies, and is not intended to be and should not be used by anyone other than these specified parties.



June 26, 2013  
Gainesville, Florida

**Levy County, Florida**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2012**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

- (i) The independent auditor’s report on the financial statements expressed an unqualified opinion.
- (ii) The audit reported a significant deficiency in internal control over financial reporting that was not considered to be a material weakness.
- (iii) The audit did not disclose noncompliance considered material to the financial statements.
- (iv) The audit reported significant deficiencies in internal control over the major federal program and a major state project. The deficiencies were not considered to be material weaknesses.
- (v) The report on compliance with requirements applicable to the major federal award program and state projects expressed an unqualified opinion.
- (vi) The audit disclosed findings relative to the major federal award program and a major state project as described in (iv), above.
- (vii) The County’s major program/projects were:

<u>FEDERAL PROGRAM</u>	<u>CFDA Number</u>
Medical Assistance Program (Medicaid, Title XIX)	93.778
<u>STATE PROJECTS</u>	<u>CSFA Number</u>
Small County Road Assistance Program	55.016
County Incentive Program	55.008
Trip/Equipment Grant	55.001

- (viii) A threshold of \$300,000 was used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 for federal programs, and \$300,000 was used for state projects.
- (ix) The County qualified as a low-risk auditee as that term is defined in OMB Circular A-133.

**Levy County, Florida**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2012**

SECTION II – FINANCIAL STATEMENT FINDINGS

12-1 (Reported in previous audit reports as items 11-1 and 10-1.)

**Condition** – As part of the audit process, it was necessary for us to assist with the preparation of your financial statements.

**Recommendation** – We recommend that you consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process.

SECTION III – FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS

Questioned  
Costs

12-2 (Reported in previous audit reports as items 11-2 and 10-3.)

CFDA 93.778

**Condition** – The County’s Transit Department is proactive and effective in securing federal and state funding for providing services to the County’s disadvantaged. The Department has during the year, several overlapping and concurrent grants for operations. We noted during the audit that multiple methods are currently used to capture the costs claimed for reimbursement. Consequently, it is difficult during the audit process to ensure that costs charged to one grant have not been charged to another and that the costs are reasonable and allocable to a particular grant. The Federal Transit Administration Circular 5010.1D stipulates that project costs must specifically relate to the purpose of the grant contract. The Circular also requires recipients to use OMB Circular A-87 which requires indirect costs captured as grant expenditures to be supported by an approved Cost Allocation Plan and/or Indirect Cost Rate Proposal and that costs be treated consistently.

--

**Recommendation** – The County should seek the services of a qualified consultant to develop and implement a Cost Allocation Plan and/or Indirect Cost Rate Proposal that would enhance the allocation of direct and indirect costs of its multiple transit grants so that all expenditures claimed for reimbursement meet the requirements of the grantors.

SECTION IV – FINDINGS AND QUESTIONED COSTS – STATE PROJECTS

12-3 (Reported in previous audit reports as items 11-2 and 10-3.)

CSFA 55.001

**Condition** – Same as 12-2.

--

**Levy County, Florida**  
**Summary Schedule of Prior Audit Findings**  
**(Relative to Federal Awards and State Projects)**  
**For the Year Ended September 30, 2012**

*Prior audit findings relative to Federal Programs and State Projects* – There were no findings relative to financial assistance in the prior year.



355 South Court Street

Bronson, Florida 32621-0610 • Phone: (352) 486-5266

**Danny J. Shipp**  
*Clerk Of Court, Levy County*

A stylized illustration of a judge's bench, showing the wooden structure and the high-backed chair.

June 27, 2013

Honorable David Martin  
State of Florida  
Office of the Auditor General  
Tallahassee, Fl 32201

Dear Mr. Martin:

In accordance with the Laws of Florida, I respectfully submit the following response to the audit findings for the Levy County Board of County Commissioners for fiscal year 2011-2012 as prepared by auditors of Carr, Riggs and Ingram, LLC.

- 12-1 After evaluating the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, we have determined that it is in our best interest to outsource this task to our independent auditors.
- 12-2 For the previous two years, the Finance Office has communicated concerns regarding the billing methodologies for grant awards to the Transit Department's management. It is the opinion of Finance that a defensible costing methodology would best be obtained by a qualified consultant specializing in preparing such plans for counties and transportation providers.
- 12-3 See answer to 12-2

Sincerely,

A handwritten signature in cursive script that reads "Danny J. Shipp".

Danny J. Shipp  
Clerk of Courts

LEVY COUNTY CLERK OF  
THE CIRCUIT COURT

AUDIT REPORT

SEPTEMBER 30, 2012

**Levy County Clerk of the Circuit Court  
Audit Report  
September 30, 2012**

**TABLE OF CONTENTS**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT .....	1
SPECIAL PURPOSE FINANCIAL STATEMENTS:	
Governmental Funds:	
Balance Sheet .....	3
Statement of Revenues, Expenditures and Changes in Fund Balances .....	4
Fiduciary Funds:	
Statement of Fiduciary Net Assets .....	5
Notes to Financial Statements .....	6
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund .....	12
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Fine and Forfeiture Fund .....	13
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Records Modernization Trust Fund .....	14
SUPPLEMENTARY INFORMATION:	
Combining Statement of Fiduciary Net Assets – Agency Funds .....	15
ADDITIONAL ELEMENTS REQUIRED BY THE RULES OF THE AUDITOR GENERAL:	
Management Letter .....	16
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters/Communication with Those Charged with Governance .....	18
Schedule of Findings.....	21
ELECTED OFFICIAL'S RESPONSE TO AUDITOR'S COMMENTS	--

## Independent Auditor's Report

The Honorable Danny J. Shipp  
Clerk of the Circuit Court  
Levy County, Florida

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Levy County Clerk of the Circuit Court (the "Office") as of and for the year ended September 30, 2012, which collectively comprise the Office's special purpose financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Office. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 1 to the financial statements, the accompanying financial statements have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida. They include only the financial activity of the Office, which is an integral part of Levy County, the primary government for financial reporting purposes.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Office at September 30, 2012, and the respective changes in financial position, where applicable, thereof 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 May 1, 2013 on our consideration of the Office'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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the special purpose financial statements. Such information, although not a part of the special purpose financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the special purpose financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the special purpose financial statements, and other knowledge we obtained during our audit of the special purpose 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 opinions on the special purpose financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the special purpose financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special purpose financial statements or to the special purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the special purpose financial statements as a whole.

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

A handwritten signature in black ink that reads "Carr, Riggs & Ingram LLC". The signature is written in a cursive, flowing style.

May 1, 2013  
Gainesville, Florida

**Balance Sheet – Governmental Funds**  
**September 30, 2012**  
**Levy County Clerk of the Circuit Court**

	<u>GENERAL FUND</u>	<u>FINE AND FORFEITURE FUND</u>	<u>RECORDS MODERNIZATION TRUST FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b><u>ASSETS</u></b>				
Cash and Equivalents	\$ 44,272	\$ 175,673	\$ 402,293	\$ 622,238
Investments	1,634	-	3,382	5,016
Accounts Receivable	792	115	-	907
Due from Other Funds	11,458	1,748	6,326	19,532
Due from Other Governments	13,557	-	-	13,557
Due from Other County Agencies	762	-	-	762
	<u>762</u>	<u>-</u>	<u>-</u>	<u>762</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 72,475</u></b>	<b><u>\$ 177,536</u></b>	<b><u>\$ 412,001</u></b>	<b><u>\$ 662,012</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b><u>LIABILITIES</u></b>				
Accounts Payable and Accrued Liabilities	\$ 36,042	\$ 94,021	\$ -	\$ 130,063
Due to Other Funds	-	3,274	776	4,050
Due to Other County Agencies	36,433	11,671	-	48,104
Deposits	-	46,797	-	46,797
	<u>-</u>	<u>46,797</u>	<u>-</u>	<u>46,797</u>
<b>TOTAL LIABILITIES</b>	<b>72,475</b>	<b>155,763</b>	<b>776</b>	<b>229,014</b>
<b><u>FUND BALANCES</u></b>				
Restricted	<u>-</u>	<u>21,773</u>	<u>411,225</u>	<u>432,998</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 72,475</u></b>	<b><u>\$ 177,536</u></b>	<b><u>\$ 412,001</u></b>	<b><u>\$ 662,012</u></b>

The accompanying "Notes to Financial Statements"  
form an integral part of this statement.

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended September 30, 2012  
Levy County Clerk of the Circuit Court**

	GENERAL FUND	FINE AND FORFEITURE FUND	RECORDS MODERNIZATION TRUST FUND	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>				
Intergovernmental Revenues	\$ 51,666	\$ 1,013,778	\$ -	\$ 1,065,444
Charges for Services	139,071	-	56,794	195,865
Fines and Forfeitures	-	-	32,628	32,628
Miscellaneous Revenue	22,688	-	494	23,182
<b>TOTAL REVENUES</b>	<b>213,425</b>	<b>1,013,778</b>	<b>89,916</b>	<b>1,317,119</b>
<b>EXPENDITURES</b>				
Current:				
General Government Services	671,711	-	823	672,534
Court Related	58,231	918,587	153,834	1,130,652
<b>TOTAL EXPENDITURES</b>	<b>729,942</b>	<b>918,587</b>	<b>154,657</b>	<b>1,803,186</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(516,517)</b>	<b>95,191</b>	<b>(64,741)</b>	<b>(486,067)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation from Board of County Commissioners	552,969	-	-	552,969
Reversion to Board of County Commissioners	(36,452)	-	-	(36,452)
Reversion to Clerks of Court Operations Corporation	-	(111,592)	-	(111,592)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>516,517</b>	<b>(111,592)</b>	<b>-</b>	<b>404,925</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>(16,401)</b>	<b>(64,741)</b>	<b>(81,142)</b>
<b>FUND BALANCES - October 1, 2011</b>	<b>-</b>	<b>38,174</b>	<b>475,966</b>	<b>514,140</b>
<b>FUND BALANCES - September 30, 2012</b>	<b>\$ -</b>	<b>\$ 21,773</b>	<b>\$ 411,225</b>	<b>\$ 432,998</b>

The accompanying "Notes to Financial Statements"  
form an integral part of this statement.

**Statement of Fiduciary Net Assets**  
**September 30, 2012**  
**Levy County Clerk of the Circuit Court**

	<u>Agency Funds</u>
<b><u>ASSETS</u></b>	
Cash and Equivalents	\$ 189,764
Accounts Receivable	<u>1,663</u>
<b>TOTAL ASSETS</b>	<u>191,427</u>
<b><u>LIABILITIES</u></b>	
Assets Held for Others	172,825
Due to Other Funds	15,482
Due to Other County Agencies	<u>3,120</u>
<b>TOTAL LIABILITIES</b>	<u>191,427</u>
<b>NET ASSETS</b>	<u><u>\$ -</u></u>

The accompanying "Notes to Financial Statements"  
form an integral part of this statement.

**Notes to Financial Statements**  
**September 30, 2012**  
**Levy County Clerk of the Circuit Court**

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

The accounting policies of the Levy County Clerk of the Circuit Court, (the “Office”), conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

**Reporting Entity**

The Clerk of the Circuit Court is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law.

The Office is an integral part of Levy County, the primary government for financial reporting purposes.

**Basis of Presentation**

The Office's financial statements are special purpose financial statements that have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida (the “Rules”). These special purpose financial statements are the fund financial statements specified in GASB Statement No. 34. In conformity with the Rules, the Office has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, or management's discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County's countywide financial statements.

**Fund Accounting**

Accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All nonmajor funds are aggregated and displayed in a single column. The Office has no nonmajor funds.

The Office reports the following major governmental funds:

**GOVERNMENTAL FUNDS**

**General Fund** – the General Fund is the primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

**Fine and Forfeiture Fund** – This fund is used to account for fines, court costs, filing fees and service charges mandated by Florida Statutes for court-related expenditures.

**Notes to Financial Statements**  
**September 30, 2012**  
**Levy County Clerk of the Circuit Court**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Records Modernization Trust – This fund is used to account for fees and fines collected and associated expenditures related to the upgrade and modernization of the official records of the County, for court technology improvements required for the State Court System, and other court-related purposes.

The Office also reports the following:

FIDUCIARY FUNDS

Agency Funds – Agency Funds are used to account for resources held solely in a custodial capacity.

Fund Balance

The Office follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Office is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

The fund balance classifications specified in GASB Statement No. 54 are as follows:

*Nonspendable Fund Balance* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted Fund Balance* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Office's highest level of decision-making authority, which is a policy of the Office. Committed amounts cannot be used for any other purpose unless the Office removes those constraints by taking the same type of action.

*Assigned Fund Balance* – Assigned fund balances are amounts that are constrained by the Office's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the constitutional officer or (b) a body or official to which the constitutional officer has delegated the authority to assign amounts to be used for specific purposes.

*Unassigned Fund Balance* – Unassigned fund balance is the residual classification for the General Fund.

**Notes to Financial Statements**  
**September 30, 2012**  
**Levy County Clerk of the Circuit Court**

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

The Office's policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

Measurement Focus/Basis of Accounting

All governmental funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of "available spendable resources" during a period.

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

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on long-term debt are recognized when due.

Agency fund assets and liabilities are accounted for on the accrual basis of accounting.

Capital Assets and Long-Term Liabilities

Capital assets used by the Office are recorded and accounted for by the Levy County Board of County Commissioners.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the financial statements of the County.

Cash and Equivalents

All cash and equivalents are placed in a bank that qualifies as a public depository pursuant to the provisions of the Florida Security For Public Deposits Act. Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required to ensure that all funds are entirely insured or collateralized throughout the fiscal year.

**Notes to Financial Statements**  
**September 30, 2012**  
**Levy County Clerk of the Circuit Court**

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

Investments in State Pool

The Office invests surplus funds in an external investment pool, the Local Government Surplus Funds Trust Fund (the “State Pool”). The State Pool is administered by the Florida State Board of Administration (“SBA”), who provides regulatory oversight. Previously, the SBA reported that the State Pool was exposed to potential risks due to indirect exposure in the sub-prime mortgage financial market. Consequently, the SBA placed some restrictions on how participants could access portions of their surplus funds and ultimately restructured the State Pool into two separate pools (“Florida PRIME” and “Fund B”).

The Florida PRIME has adopted operating procedures consistent with the requirements for a 2a7-like fund. The Office’s investment in the Florida PRIME is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool shares.

The Fund B is reported at fair value, determined by the fair value per share of the pool’s underlying portfolio.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

**NOTE 2 – FUND BALANCE CLASSIFICATIONS**

	Records Modernization Fund	Fine and Forfeiture Fund	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Restricted for:			
Court Operations	\$ 72,166	\$ 21,773	\$ 93,939
Court Technology	195,450	-	195,450
Records Modernization	<u>143,609</u>	<u>-</u>	<u>143,609</u>
 Total Fund Balances	 <u>\$ 411,225</u>	 <u>\$ 21,773</u>	 <u>\$ 432,998</u>

**Notes to Financial Statements**  
**September 30, 2012**  
**Levy County Clerk of the Circuit Court**

**NOTE 3 – INVESTMENTS**

Investment in State Pool

At year end, the Office had investments in the State Pool as summarized below:

General Fund	\$ 1,634
Records Modernization Trust Fund	<u>3,382</u>
Total	<u><u>\$ 5,016</u></u>

The Office's investment in the State Pool exposes it to credit risk and interest rate risk. The Office does not have a formal investment policy relating to these risks, which are hereafter described.

*Credit Risk* – The risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Florida PRIME is rated by Standard and Poor's and has a rating at September 30, 2012 of AAAM.

The Fund B is not rated by a nationally recognized statistical rating agency.

*Interest Rate Risk* – The risk that changes in interest rates will adversely affect the fair value of an investment.

The weighted average days to maturity (WAM) of the Florida PRIME fund was 39 days at September 30, 2012.

The weighted average life (WAL) of Fund B at September 30, 2012 was 4.08 years. A portfolio's WAL is the dollar weighted average length of time until securities held reach maturity. Since Fund B consists of restructured or defaulted securities, there is considerable uncertainty regarding the WAL.

**NOTE 4 – INTERFUND BALANCES**

At September 30, 2012, interfund balances consisted of:

	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
General Fund	\$ 11,458	\$ -
Fine and Forfeiture Fund	1,748	3,274
Records Modernization Trust	6,326	776
Agency Funds:		
Domestic Relations	-	1,748
General Trust	-	13,634
Jury and Witness	-	100
Totals	<u><u>\$ 19,532</u></u>	<u><u>\$ 19,532</u></u>

**Notes to Financial Statements  
September 30, 2012  
Levy County Clerk of the Circuit Court**

**NOTE 5 – CHANGES IN LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities follows:

	BALANCE OCTOBER 1, 2011	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30, 2012	DUE WITHIN ONE YEAR
Compensated Absences	\$ 101,000	\$ 97,000	\$ 97,000	\$ 101,000	\$ 38,000

**NOTE 6 – PENSION PLAN**

*Plan Description.* The Office contributes to the Florida Retirement System (the "System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315, or by calling (850) 488-6491.

*Funding Policy.* The Office is required to contribute at an actuarially determined rate. The employer contribution rates at September 30, 2012 were as follows: Regular Employees 5.18%; Special Risk Employees 14.90%; Senior Management 6.30%; Elected Officials 10.23%; DROP 5.44%. Employees are required to contribute 3.00%. The contribution requirements of plan members and the Office are established and may be amended by the Florida Legislature. The Office's contributions to the System for the years ended September 30, 2012, 2011 and 2010 were approximately \$60,000, \$110,000 and \$124,000, respectively, equal to the required contributions for each year.

**NOTE 7 – DEFERRED COMPENSATION PLAN**

The Office offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The Office has complied with the requirements of subsection (g) of IRC Section 457 and, accordingly, all assets and income of the plans are held in trust for the exclusive benefit of the participants and their beneficiaries.

**NOTE 8 – RISK MANAGEMENT**

The Levy County Board of County Commissioners purchases commercial insurance to manage risk related to workers' compensation and health insurance. The Office is covered under this policy and pays its share of premiums to the Board.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual – General Fund**  
**For the Year Ended September 30, 2012**  
**Levy County Clerk of the Circuit Court**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b><u>REVENUES</u></b>				
Intergovernmental Revenue	\$ 42,000	\$ 42,000	\$ 51,666	\$ 9,666
Charges for Services	110,124	110,124	139,071	28,947
Miscellaneous Revenue	50,000	50,000	22,688	(27,312)
<b>TOTAL REVENUES</b>	<b>202,124</b>	<b>202,124</b>	<b>213,425</b>	<b>11,301</b>
<b><u>EXPENDITURES</u></b>				
Current:				
General Government Services	725,893	725,893	671,711	54,182
Court Related	29,200	29,200	58,231	(29,031)
<b>TOTAL EXPENDITURES</b>	<b>755,093</b>	<b>755,093</b>	<b>729,942</b>	<b>25,151</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(552,969)</b>	<b>(552,969)</b>	<b>(516,517)</b>	<b>36,452</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Appropriation from Board of County Commissioners	552,969	552,969	552,969	-
Reversion to Board of County Commissioners	-	-	(36,452)	(36,452)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>552,969</b>	<b>552,969</b>	<b>516,517</b>	<b>(36,452)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES - October 1, 2011</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES - September 30, 2012</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Notes to Schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by Florida Statutes. The fund is the legal level of control.

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual – Fine and Forfeiture Fund  
For the Year Ended September 30, 2012  
Levy County Clerk of the Circuit Court**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Intergovernmental Revenues	\$ 1,045,196	\$ 1,023,480	\$ 1,013,778	\$ (9,702)
<u>EXPENDITURES</u>				
Current:				
Court Related	<u>1,045,196</u>	<u>1,023,480</u>	<u>918,587</u>	<u>104,893</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	95,191	95,191
<u>OTHER FINANCING USES</u>				
Reversion to Clerks of Court Operations Corporation	<u>-</u>	<u>-</u>	<u>(111,592)</u>	<u>(111,592)</u>
NET CHANGE IN FUND BALANCES	-	-	(16,401)	(16,401)
FUND BALANCES - October 1, 2011	<u>-</u>	<u>-</u>	<u>38,174</u>	<u>38,174</u>
FUND BALANCES - September 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,773</u>	<u>\$ 21,773</u>

Notes to Schedule:

Pursuant to Section 28.36, Florida Statutes, the budget is subject to the General Appropriations Act of the Florida Legislature. The State of Florida releases this appropriation on a monthly basis. As such, the budgeted amounts reflected in this schedule are comprised of nine months of activity from the State's 2012 fiscal year and three months of activity from the State's 2013 fiscal year. The fund is the legal level of control.

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual – Records Modernization Trust Fund  
 For the Year Ended September 30, 2012  
 Levy County Clerk of the Circuit Court**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Charges for Services	\$ 69,000	\$ 69,000	\$ 56,794	\$ (12,206)
Fines and Forfeitures	44,650	44,650	32,628	(12,022)
Miscellaneous Revenue	1,200	1,200	494	(706)
<b>TOTAL REVENUES</b>	<u>114,850</u>	<u>114,850</u>	<u>89,916</u>	<u>(24,934)</u>
<u>EXPENDITURES</u>				
Current:				
General Government Services	50,500	50,500	823	49,677
Court Related	208,000	208,000	153,834	54,166
<b>TOTAL EXPENDITURES</b>	<u>258,500</u>	<u>258,500</u>	<u>154,657</u>	<u>103,843</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(143,650)</b>	<b>(143,650)</b>	<b>(64,741)</b>	<b>78,909</b>
<b>FUND BALANCES - October 1, 2011</b>	<u>148,182</u>	<u>148,182</u>	<u>475,966</u>	<u>327,784</u>
<b>FUND BALANCES - September 30, 2012</b>	<u>\$ 4,532</u>	<u>\$ 4,532</u>	<u>\$411,225</u>	<u>\$406,693</u>

Notes to Schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by Florida Statutes. The fund is the legal level of control.

**SUPPLEMENTARY INFORMATION**

**Combining Statement of Fiduciary Net Assets**  
**Agency Funds**  
**September 30, 2012**  
**Levy County Clerk of the Circuit Court**

	<u>DOMESTIC RELATIONS FUND</u>	<u>REGISTRY OF THE COURT</u>	<u>GENERAL TRUST FUND</u>	<u>JURY AND WITNESS FUND</u>	<u>CASH BOND FUND</u>	<u>TOTAL AGENCY FUNDS</u>
<b><u>ASSETS</u></b>						
Cash and Equivalents	\$ 2,063	\$ 60,990	\$ 74,720	\$ 4,758	\$ 47,233	\$ 189,764
Accounts Receivable	-	-	1,663	-	-	1,663
<b>TOTAL ASSETS</b>	<u>2,063</u>	<u>60,990</u>	<u>76,383</u>	<u>4,758</u>	<u>47,233</u>	<u>191,427</u>
<b><u>LIABILITIES</u></b>						
Assets Held for Others	315	60,990	59,629	4,658	47,233	172,825
Due to Other Funds	1,748	-	13,634	100	-	15,482
Due to Other County Agencies	-	-	3,120	-	-	3,120
<b>TOTAL LIABILITIES</b>	<u>2,063</u>	<u>60,990</u>	<u>76,383</u>	<u>4,758</u>	<u>47,233</u>	<u>191,427</u>
<b>NET ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ADDITIONAL ELEMENTS REQUIRED BY  
THE RULES OF THE AUDITOR GENERAL**

## Management Letter

The Honorable Danny J. Shipp  
Clerk of the Circuit Court  
Levy County, Florida

We have audited the financial statements of the Levy County Clerk of the Circuit Court (the "Office") as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated May 1, 2013. That report should be considered in conjunction with this management letter.

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. 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 require that certain items be addressed in this letter.

### Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. These requirements of the Rules of the Auditor General are addressed in the Schedule of Findings that accompanies this letter.

### Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal any noncompliance with the provisions of Section 218.415, Florida Statutes.

### Sections 28.35 and 28.36, Florida Statutes

The Rules of the Auditor General require that statements be included in the management letter as to whether the Office complied with the requirements of Sections 28.35 and 28.36, Florida Statutes. Our audit of the financial statements disclosed no reportable instances of noncompliance with the budget procedures specified in Section 28.36, Florida Statutes, and no reportable instances of noncompliance with the performance standards developed and certified pursuant to Section 28.35, Florida Statutes, except as reported in the Schedule of Findings as Finding 12-2.

The Honorable Danny J. Shipp  
Clerk of the Circuit Court  
Levy County, Florida  
Page 2

Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter.

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

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram LLC". The signature is written in a cursive, flowing style.

May 1, 2013  
Gainesville, Florida

The Honorable Danny J. Shipp  
Clerk of the Circuit Court  
Levy County, Florida

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Levy County Clerk of the Circuit Court (the "Office") as of and for the year ended September 30, 2012, which collectively comprise the Office's special purpose financial statements, and have issued our report thereon dated May 1, 2013. Our report on the financial statements included a paragraph explaining that the financial statements include only the financial activities of the Office and, accordingly, are not intended to be a complete presentation for Levy County, the primary government for financial reporting purposes. 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.

### **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**

#### Internal Control Over Financial Reporting

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

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

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, we identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings as item 12-1 that we consider 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.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office'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 noted a matter that we reported to management in the accompanying Schedule of Findings as Finding 12-2.

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

#### **Communication with Those Charged with Governance**

Professional standards require that we provide you with the following information related to our audit.

#### Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects. Our audit of the financial statements does not relieve you or management of your responsibilities.

#### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus.

### Significant Audit Findings

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no particularly sensitive estimates significantly affecting the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no particularly sensitive disclosures significantly affecting the financial statements.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter.

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



May 1, 2013  
Gainesville, Florida

**Schedule of Findings  
For the Year Ended September 30, 2012  
Levy County Clerk of Courts**

12-1 (Reported in the preceding audit reports as finding 11-1 and 10-1.)

*Condition* – As part of the audit process, it was necessary for us to assist with the preparation of your financial statements.

*Recommendation* – We recommend that you consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process.

12-2 *Condition* – The standard for Timeliness Measures #1 for Civil County Cases and the Collection performance measure standard for Circuit Criminal were not met for the state fiscal year ending June 30, 2012.

*Recommendation* – The Office should continue to pursue the goal of meeting its performance standards given the Office's available resources.



355 South Court Street • Bronson, Florida 32621-6520

Phone: (352) 486-5266

**Danny J. Shipp**  
*Clerk Of Court, Levy County*

May 1, 2013

Honorable David Martin  
State of Florida  
Office of the Auditor General  
Tallahassee, FL 32201

Dear Mr. Martin,

Pursuant to the Laws of Florida, the following is a response to the audit finding, for the Levy County Clerk of Court, for the 11-12 Fiscal Year audited by Carr, Riggs and Ingram, LLC.

12-1 Condition - As part of the audit process, it was necessary for us to assist with the preparation of your financial statements.  
Response - We have determined, the cost of preparing the financial statements in house would exceed the cost of our external auditors performing this task.

12-2 The standard for Timeliness Measures #1 for Civil County Cases and the Collection performance measure standard for Circuit Criminal Cases were not met for the state fiscal year ending June 30, 2012.

Response-Resources to improve the Timeliness Measures #1 for Civil County Cases would require additional personnel, which is not within the budget at this time.

Response to Circuit Criminal Collection- Resources to implement any additional collection procedures are not available. We are using a collection agency for delinquent fines, to hopefully increase collections.

Sincerely,

A handwritten signature in black ink that reads "Danny J. Shipp".

Danny J. Shipp,  
Levy County Clerk of Court  
DJS/am

LEVY COUNTY  
SHERIFF

AUDIT REPORT

SEPTEMBER 30, 2012

**Levy County Sheriff  
Audit Report  
September 30, 2012**

**TABLE OF CONTENTS**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT .....	1
SPECIAL PURPOSE FINANCIAL STATEMENTS:	
Governmental Funds:	
Balance Sheet .....	3
Statement of Revenues, Expenditures and Changes in Fund Balances .....	4
Fiduciary Funds:	
Statement of Fiduciary Net Assets .....	5
Notes to Financial Statements .....	6
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund .....	11
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Federal Forfeiture Fund.....	12
SUPPLEMENTARY INFORMATION:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	13
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	14
Combining Statement of Fiduciary Net Assets – Agency Funds .....	15
ADDITIONAL ELEMENTS REQUIRED BY THE RULES OF THE AUDITOR GENERAL:	
Management Letter .....	16
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters/Communication with Those Charged with Governance .....	18
Schedule of Findings.....	21
ELECTED OFFICIAL'S RESPONSE TO AUDITOR'S COMMENTS	--

## Independent Auditor's Report

The Honorable Robert B. McCallum  
Sheriff  
Levy County, Florida

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Levy County Sheriff (the "Office") as of and for the year ended September 30, 2012, which collectively comprise the Office's special purpose financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Office. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 1 to the financial statements, the accompanying financial statements have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida. They include only the financial activity of the Office, which is an integral part of Levy County, the primary government for financial reporting purposes.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Office at September 30, 2012, and the respective changes in financial position, where applicable, thereof 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 May 1, 2013 on our consideration of the Office'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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules be presented to supplement the special purpose financial statements. Such information, although not a part of the special purpose financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the special purpose financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the special purpose financial statements, and other knowledge we obtained during our audit of the special purpose 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 opinions on the special purpose financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the special purpose financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special purpose financial statements or to the special purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the special purpose financial statements as a whole.

This report is intended solely for the information and use of the Office, its management, 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.

A handwritten signature in cursive script that reads "Carr, Riggs & Ingram LLC".

May 1, 2013  
Gainesville, Florida

**Balance Sheet – Governmental Funds  
September 30, 2012  
Levy County Sheriff**

	GENERAL FUND	FEDERAL FORFEITURE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b><u>ASSETS</u></b>				
Cash and Equivalents	\$402,022	\$ 65,510	\$ 47,144	\$ 514,676
Due from Other Funds	-	-	485	485
Due from Other County Agencies	12,919	-	-	12,919
Due from Other Governments	20,220	-	-	20,220
Accounts Receivable	81,256	-	-	81,256
<b>TOTAL ASSETS</b>	<b><u>\$516,417</u></b>	<b><u>\$ 65,510</u></b>	<b><u>\$ 47,629</u></b>	<b><u>\$ 629,556</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b><u>LIABILITIES</u></b>				
Accounts Payable and Accrued Liabilities	\$432,162	\$ -	\$ 2,555	\$ 434,717
Due to Other County Agencies	84,255	-	613	84,868
Due to Other Funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b><u>516,417</u></b>	<b><u>-</u></b>	<b><u>3,168</u></b>	<b><u>519,585</u></b>
<b><u>FUND BALANCES</u></b>				
Restricted:				
Federal Shared Funds	-	65,510	-	65,510
Charitable Purposes	-	-	3,881	3,881
Assigned:				
Benefit of Inmates	-	-	40,580	40,580
<b>TOTAL FUND BALANCES</b>	<b><u>-</u></b>	<b><u>65,510</u></b>	<b><u>44,461</u></b>	<b><u>109,971</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$516,417</u></b>	<b><u>\$ 65,510</u></b>	<b><u>\$ 47,629</u></b>	<b><u>\$ 629,556</u></b>

The accompanying "Notes to Financial Statements"  
form an integral part of this statement.

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended September 30, 2012  
Levy County Sheriff**

	GENERAL FUND	FEDERAL FORFEITURE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>				
Charges for Services	\$ -	\$ -	\$ 72,567	\$ 72,567
Fines and Forfeitures	-	87,000	-	87,000
Miscellaneous Revenue	-	18,079	2,201	20,280
<b>TOTAL REVENUES</b>	<b>-</b>	<b>105,079</b>	<b>74,768</b>	<b>179,847</b>
<b>EXPENDITURES</b>				
Current:				
Public Safety	9,805,583	110,525	81,901	9,998,009
Court Related	160,277	-	-	160,277
<b>TOTAL EXPENDITURES</b>	<b>9,965,860</b>	<b>110,525</b>	<b>81,901</b>	<b>10,158,286</b>
<b>EXCESS OF REVENUES UNDER EXPENDITURES</b>	<b>(9,965,860)</b>	<b>(5,446)</b>	<b>(7,133)</b>	<b>(9,978,439)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation from Board of County Commissioners	10,050,139	-	-	10,050,139
Reversion to Board of County Commissioners	(84,279)	-	-	(84,279)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>9,965,860</b>	<b>-</b>	<b>-</b>	<b>9,965,860</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>(5,446)</b>	<b>(7,133)</b>	<b>(12,579)</b>
<b>FUND BALANCES – October 1, 2011</b>	<b>-</b>	<b>70,956</b>	<b>51,594</b>	<b>122,550</b>
<b>FUND BALANCES – September 30, 2012</b>	<b>\$ -</b>	<b>\$ 65,510</b>	<b>\$ 44,461</b>	<b>\$ 109,971</b>

The accompanying "Notes to Financial Statements"  
form an integral part of this statement.

**Statement of Fiduciary Net Assets**  
**September 30, 2012**  
**Levy County Sheriff**

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and Equivalents	<u>\$ 45,759</u>
<u>LIABILITIES</u>	
Assets Held for Others	27,794
Due to Other Funds	485
Due to Other County Agencies	<u>17,480</u>
TOTAL LIABILITIES	<u>45,759</u>
NET ASSETS	<u><u>\$ -</u></u>

The accompanying "Notes to Financial Statements"  
form an integral part of this statement.

**Notes to Financial Statements**  
**September 30, 2012**  
**Levy County Sheriff**

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

The accounting policies of the Levy County Sheriff (the "Office") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity

The Sheriff is an elected constitutional officer, whose Office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law.

The Office is an integral part of Levy County, the primary government for financial reporting purposes.

Basis of Presentation

The Office's financial statements are special purpose financial statements that have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida (the "Rules"). These special purpose financial statements are the fund financial statements specified in GASB Statement No. 34. In conformity with the Rules, the Office has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, or management's discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County's countywide financial statements.

Fund Accounting

Accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All nonmajor funds are aggregated and displayed in a single column. The Office reports the following major governmental funds:

General Fund – The General Fund is the general operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

Federal Forfeiture Fund – This fund accounts for and reports monies received from federal forfeitures. Expenditures can only be made in accordance with the federal equitable sharing program.

The Office also reports the following fiduciary fund type:

Agency Funds – Agency funds are used to account for assets held by the Office in a custodial capacity.

**Notes to Financial Statements**  
**September 30, 2012**  
**Levy County Sheriff**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Balance

The Office follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Office is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

The fund balance classifications specified in GASB Statement No. 54 are as follows:

*Nonspendable Fund Balance* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted Fund Balance* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Office's highest level of decision-making authority, which is a policy of the Office. Committed amounts cannot be used for any other purpose unless the Office removes those constraints by taking the same type of action.

*Assigned Fund Balance* – Assigned fund balances are amounts that are constrained by the Office's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the constitutional officer or (b) a body or official to which the constitutional officer has delegated the authority to assign amounts to be used for specific purposes.

*Unassigned Fund Balance* – Unassigned fund balance is the residual classification for the General Fund.

The Office's policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

Measurement Focus/Basis of Accounting

All governmental funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of "available spendable resources" during a period.

**Notes to Financial Statements**  
**September 30, 2012**  
**Levy County Sheriff**

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

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

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on long-term debt are recognized when due.

Agency fund assets and liabilities are accounted for on the accrual basis of accounting.

Cash and Equivalents

Cash and equivalents consist of deposits placed in a bank that qualifies as a public depository pursuant to the provisions of the Florida Security For Public Deposits Act. Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required to ensure that all funds are entirely insured or collateralized throughout the fiscal year.

Capital Assets and Long-Term Liabilities

Because of the current financial resources measurement focus, the accompanying fund financial statements do not report capital assets or long-term liabilities. Such amounts are instead reported in the government-wide financial statements of the County.

The Office defines capital assets as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of one year. Capital assets are valued at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair value on the date donated. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Equipment	5-15 years
Vehicles	5 years

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

**Notes to Financial Statements  
September 30, 2012  
Levy County Sheriff**

**NOTE 2 – CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets follows:

	BALANCE OCTOBER 1, 2011	INCREASES	DECREASES	BALANCE SEPTEMBER 30, 2012
Capital Assets, being depreciated:				
Tangible Personal Property	\$5,696,593	\$ 159,320	\$ 344,408	\$ 5,511,505
Improvements	25,784	-	-	25,784
Total Capital Assets, being depreciated	<u>5,722,377</u>	<u>159,320</u>	<u>344,408</u>	<u>5,537,289</u>
Less Accumulated Depreciation for:				
Tangible Personal Property	3,734,350	538,623	313,695	3,959,278
Improvements	12,226	1,289	-	13,515
Total Accumulated Depreciation	<u>3,746,576</u>	<u>539,912</u>	<u>313,695</u>	<u>3,972,793</u>
Total Capital Assets, being depreciated, net	<u>\$1,975,801</u>	<u>\$ (380,592)</u>	<u>\$ 30,713</u>	<u>\$ 1,564,496</u>

Depreciation expense of \$539,912 applies to the public safety function.

**NOTE 3 – CHANGES IN LONG-TERM DEBT**

A summary of changes in long-term debt follows:

	BALANCE OCTOBER 1, 2011	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30, 2012	DUE WITHIN ONE YEAR
Compensated Absences	<u>\$ 519,000</u>	<u>\$650,000</u>	<u>\$ 575,000</u>	<u>\$594,000</u>	<u>\$ 187,000</u>

**NOTE 4 – PENSION PLAN**

*Plan Description.* The Office contributes to the Florida Retirement System ("System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000, or by calling (850) 488-6491.

**Notes to Financial Statements**  
**September 30, 2012**  
**Levy County Sheriff**

**NOTE 4 – PENSION PLAN**

*Funding Policy.* The Office is required to contribute at an actuarially determined rate. The employer contribution rates at September 30, 2012 were as follows: Regular Employees 5.18%; Special Risk Employees 14.90%; Senior Management 6.30%; Elected Officials 10.58%; DROP 5.44%. Employees are required to contribute 3.00%. The contribution requirements of plan members and the Office are established and may be amended by the Florida Legislature. The Office's contributions to the System for the years ended September 30, 2012, 2011 and 2010 were \$662,000, \$1,050,200 and \$1,098,900, respectively, equal to the required contributions for each year.

**NOTE 5 – INTERFUND BALANCES**

	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS
Inmate Welfare Fund	\$ 485	\$ -
Agency Funds:		
Inmate Trust Fund	-	485
<b>TOTALS</b>	<b>\$ 485</b>	<b>\$ 485</b>

**NOTE 6 – RISK MANAGEMENT**

The Office participates in the Florida Sheriffs' self-insurance fund for risk related to professional police liability, workers' compensation and certain tangible personal property. Aggregate coverage is \$3,500,000. The Office had no settlements that exceeded coverage in the previous two fiscal years.

The Office's risks of loss related to health insurance and other general liability are covered by commercial insurance. For the past three years, there have been no insurance settlements significantly in excess of insurance coverages.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual – General Fund**  
**For the Year Ended September 30, 2012**  
**Levy County Sheriff**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET
<u>REVENUES</u>	\$ -	\$ -	\$ -	\$ -
<u>EXPENDITURES</u>				
Current:				
Public Safety	10,057,449	9,889,862	9,805,583	84,279
Court Related	-	160,277	160,277	-
TOTAL EXPENDITURES	<u>10,057,449</u>	<u>10,050,139</u>	<u>9,965,860</u>	<u>84,279</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(10,057,449)</u>	<u>(10,050,139)</u>	<u>(9,965,860)</u>	<u>84,279</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Appropriation from Board of County Commissioners	10,057,449	10,050,139	10,050,139	-
Reversion to Board of County Commissioners	-	-	(84,279)	(84,279)
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,057,449</u>	<u>10,050,139</u>	<u>9,965,860</u>	<u>(84,279)</u>
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCES - October 1, 2011	-	-	-	-
FUND BALANCES - September 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to Schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by Florida Statutes. The fund is the legal level of control.

**Schedule of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual – Federal Forfeiture Fund  
For the Year Ended September 30, 2012  
Levy County Sheriff**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Fines and Forfeitures	\$ 36,624	\$ 36,624	\$ 87,000	\$ 50,376
Miscellaneous	73,901	73,901	18,079	(55,822)
	110,525	110,525	105,079	(5,446)
<b>EXPENDITURES</b>				
Current:				
Public Safety	110,525	110,525	110,525	-
EXCESS OF REVENUES UNDER EXPENDITURES	-	-	(5,446)	(5,446)
FUND BALANCES - October 1, 2011	-	-	70,956	70,956
FUND BALANCES - September 30, 2012	\$ -	\$ -	\$ 65,510	\$ 65,510

Notes to Schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by Florida Statutes. The fund is the legal level of control.

**Combining Balance Sheet - Nonmajor Governmental Funds**  
**September 30, 2012**  
**Levy County Sheriff**

	INMATE WELFARE FUND	DONATIONS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	<u>          </u>	<u>          </u>	<u>          </u>
<u>ASSETS</u>			
Cash and Equivalents	\$ 43,263	\$ 3,881	\$ 47,144
Due From Other Funds	485	-	485
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 43,748</u>	<u>\$ 3,881</u>	<u>\$ 47,629</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Accounts Payable and Accrued Liabilities	\$ 2,555	\$ -	\$ 2,555
Due to Other County Agencies	613	-	613
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES	<u>3,168</u>	<u>-</u>	<u>3,168</u>
<u>FUND BALANCES</u>			
Restricted:			
Charitable Purposes	-	3,881	3,881
Assigned:			
Benefit of Inmates	40,580	-	40,580
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL FUND BALANCES	<u>40,580</u>	<u>3,881</u>	<u>44,461</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 43,748</u>	<u>\$ 3,881</u>	<u>\$ 47,629</u>

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended September 30, 2012  
Levy County Sheriff**

	INMATE WELFARE FUND	DONATIONS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>REVENUES</u>			
Charges for Services	\$ 72,567	\$ -	\$ 72,567
Miscellaneous	559	1,642	2,201
TOTAL REVENUES	73,126	1,642	74,768
<u>EXPENDITURES</u>			
Current:			
Public Safety	79,176	2,725	81,901
EXCESS OF REVENUES UNDER EXPENDITURES	(6,050)	(1,083)	(7,133)
FUND BALANCES - October 1, 2011	46,630	4,964	51,594
FUND BALANCES - September 30, 2012	<u>\$ 40,580</u>	<u>\$ 3,881</u>	<u>\$ 44,461</u>

**SUPPLEMENTARY INFORMATION**

**Combining Statement of Fiduciary Net Assets**  
**Agency Funds**  
**September 30, 2012**  
**Levy County Sheriff**

	<u>INMATE TRUST FUND</u>	<u>CIVIL AND SUSPENSE FUND</u>	<u>EVIDENCE TRUST FUND</u>	<u>TOTAL AGENCY FUNDS</u>
<u>ASSETS</u>				
Cash and Equivalents	\$ 17,782	\$ 12,998	\$ 14,979	\$ 45,759
<u>LIABILITIES</u>				
Assets Held for Others	12,409	406	14,979	27,794
Due to Other Funds	485	-	-	485
Due to Other County Agencies	4,888	12,592	-	17,480
TOTAL LIABILITIES	<u>17,782</u>	<u>12,998</u>	<u>14,979</u>	<u>45,759</u>
NET ASSETS	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**ADDITIONAL ELEMENTS REQUIRED BY THE RULES  
OF THE AUDITOR GENERAL**

## Management Letter

The Honorable Robert B. McCallum  
Sheriff  
Levy County, Florida

We have audited the financial statements of the Levy County Sheriff, as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated May 1, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 require that certain items be addressed in this letter.

### Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. These requirements of the Rules of the Auditor General are addressed in the Schedule of Findings that accompanies this letter.

### Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal any noncompliance with the provisions of Section 218.415, Florida Statutes.

### Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter.

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

The Honorable Robert B. McCallum, Sheriff  
Levy County, Florida  
Page 2

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram LLC". The signature is written in a cursive, flowing style.

May 1, 2013  
Gainesville, Florida

The Honorable Robert B. McCallum  
Sheriff  
Levy County, Florida

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Levy County Sheriff (the "Office") as of and for the year ended September 30, 2012, which collectively comprise the Office's special purpose financial statements, and have issued our report thereon dated May 1, 2013. Our report on the financial statements included a paragraph explaining that the financial statements include only the financial activities of the Office and, accordingly, are not intended to be a complete presentation for Levy County, the primary government for financial reporting purposes. 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.

### **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**

#### Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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

in the accompanying Schedule of Findings as items 12-1 and 12-2 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 12-3 through 12-6 to be significant deficiencies.

#### Compliance and Other Matters

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

The Office's response to the findings identified in our audit accompanies this report. We did not audit the Office's response and, accordingly, we express no opinion on it.

#### **Communication with Those Charged with Governance**

Professional standards require that we provide you with the following information related to our audit.

#### Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects. Our audit of the financial statements does not relieve you or management of your responsibilities.

#### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that

future events affecting them may differ significantly from those expected. There were no particularly sensitive estimates significantly affecting the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no particularly sensitive disclosures significantly affecting the financial statements.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements noted during the audit.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter.

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

A handwritten signature in black ink that reads "Carr, Riggs & Ingram LLC". The signature is written in a cursive, flowing style.

May 1, 2013  
Gainesville, Florida

**Schedule of Findings  
For the Year Ended September 30, 2012  
Levy County Sheriff**

12-1 (Reported in previous audit reports as item 11-1 and 10-1.)

**Condition** – Because of a limited number of available personnel, it is not always possible to segregate certain incompatible duties. We noted that one employee has access to both physical assets and the related accounting records. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected.

**Recommendation** – To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of the transaction.

12-2 **Condition** – Bank accounts of the Federal Forfeiture, Inmate Welfare, Donations, Inmate Trust, Civil and Suspense and Evidence Trust Funds were not always reconciled to the accounting records in a timely manner. Additionally, the reconciliation was not performed accurately for the Civil and Suspense Trust Fund.

**Recommendation** – All bank accounts of the Office should be reconciled to the accounting records accurately and in a timely manner.

12-3 **Condition** – Our audit procedures of payroll revealed that employee files did not always document changes in incentive pay amounts. We also noted that payouts of consolidated leave time around year-end were not made in accordance with Office policies which require that an employee enter DROP or retire to receive payment. The payouts also did not evidence the approval of management.

**Recommendation** – The Office should implement procedures to ensure that incentive pay is paid to all those eligible to receive it and that consolidated leave payouts are reviewed for compliance with Office policy and approved by management prior to payment.

12-4 **Condition** – The software package used to record and account for capital assets is not adequate to ensure the integrity of the information from year to year. Additionally, the Office did not perform an inventory of capital assets during the year as required by Rule 69I-73.006, of the Department of Financial Services.

**Recommendation** – When feasible, the Office should acquire a capital asset software package suitably designed to adequately report its capital assets. The Office should perform a complete annual inventory of its capital assets pursuant to the Department of Financial Services rules.

12-5 **Condition** – The Office's Federal Forfeiture Funds budget was not adopted within the 60-day period following year-end pursuant to Chapter 129, Florida Statutes.

**Recommendation** – The Office should ensure that its budgets are properly adopted, and amended within the 60-day period provided in Florida Statutes.

**Schedule of Findings  
For the Year Ended September 30, 2012  
Levy County Sheriff**

12-6 **Condition** – The Office could not provide a detailed subsidiary ledger for the Evidence Trust Fund that could identify all funds held in custodial capacity. The Office has funds in excess of specific cases.

**Recommendation** – We encourage the Office to continue to research and identify all funds held in custodial capacity.

**Robert (Bobby) B. McCallum, Jr.**  
**Sheriff of Levy County**



PHONE: (352) 486-5111  
FAX: (352) 486-5116  
JAIL: (352) 486-5121  
CIVIL DIV.: (352) 486-5206

MEMBER, FLORIDA SHERIFF'S ASSOCIATION  
9150 NE 80th AVENUE  
P.O. DRAWER 1719  
BRONSON, FLORIDA 32621-1719

May 1, 2013

Mr. David Martin, CPA  
Office of the Auditor General  
State Of Florida  
Tallahassee, Florida

Dear Mr. Martin:

In accordance with the laws of Florida I respectfully submit the following responses to the audit findings for the Levy County Sheriff's Office, for the fiscal year 2012, as prepared by auditors for Carr, Rigs, & Ingram, LLC.

- 12-1 Being a small office it is often difficult to separate employee duties so that no one individual has access to all phases of transactions. With changes in job assignments and personnel we have tried to accomplish the task of separating these duties so that no one individual has access to both physical assets and related accounting records.
- 12-2 Procedures have been put into place to ensure all bank accounts are reconciled to the accounting records accurately and in a timely manner.
- 12-3 Policy and Procedure is being reviewed to change the wording so that consolidated leave payouts are in compliance and approved by management prior to payment.
- 12-4 This office is acquiring options and cost in the pursuit of purchasing a capital asset software that is compatible to our needs and would meet the requirements of the Department of Financial Services rules.
- 12-5 Procedures are in place to ensure that all budgets are properly adopted and amended within the 60 day period provided in the Florida Statutes.

LEVY COUNTY  
TAX COLLECTOR

AUDIT REPORT

SEPTEMBER 30, 2012

**Levy County Tax Collector  
Audit Report  
September 30, 2012**

**TABLE OF CONTENTS**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT .....	1
SPECIAL PURPOSE FINANCIAL STATEMENTS:	
Governmental Funds:	
Balance Sheet .....	3
Statement of Revenues, Expenditures and Changes in Fund Balance.....	4
Fiduciary Funds:	
Statement of Fiduciary Net Assets .....	5
Notes to Financial Statements .....	6
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund .....	10
SUPPLEMENTARY INFORMATION:	
Combining Statement of Fiduciary Net Assets – Agency Funds .....	11
ADDITIONAL ELEMENTS REQUIRED BY THE RULES OF THE AUDITOR GENERAL:	
Management Letter .....	12
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters/Communication with Those Charged with Governance .....	14
Schedule of Findings.....	17
ELECTED OFFICIAL'S RESPONSE TO AUDITOR'S COMMENTS	--

## Independent Auditor's Report

The Honorable Linda Fugate  
Tax Collector  
Levy County, Florida

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Levy County Tax Collector (the "Office") as of and for the year ended September 30, 2012, which collectively comprise the Office's special purpose financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Office. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 1 to the financial statements, the accompanying financial statements have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida. They include only the financial activity of the Office, which is an integral part of Levy County, the primary government for financial reporting purposes.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the aggregate remaining fund information of the Office at September 30, 2012, and the respective changes in financial position, where applicable, thereof 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 May 14, 2013 on our consideration of the Office'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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule be presented to supplement the special purpose financial statements. Such information, although not a part of the special purpose financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the special purpose financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the special purpose financial statements, and other knowledge we obtained during our audit of the special purpose 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 opinions on the special purpose financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the special purpose financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special purpose financial statements or to the special purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the special purpose financial statements as a whole.

This report is intended solely for the information and use of the Office, its management, 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.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram LLC". The signature is written in a cursive, flowing style.

May 14, 2013  
Gainesville, Florida

**Balance Sheet – Governmental Funds  
September 30, 2012  
Levy County Tax Collector**

	GENERAL FUND
<u>ASSETS</u>	
Cash and Equivalents	\$ 190,268
Due From Other Funds	62,162
TOTAL ASSETS	\$ 252,430
 <u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>	
Accounts Payable and Accrued Liabilities	\$ 3,421
Due to Other County Agencies	243,283
Deferred Revenues	5,726
TOTAL LIABILITIES	252,430
FUND BALANCE	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 252,430

The accompanying "Notes to Financial Statements"  
form an integral part of this statement.

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
For the Year Ended September 30, 2012  
Levy County Tax Collector**

	GENERAL FUND
<u>REVENUES</u>	
Charges for Services	\$1,208,313
Miscellaneous Revenue	400
TOTAL REVENUES	1,208,713
<u>EXPENDITURES</u>	
Current:	
General Government Services	965,430
EXCESS OF REVENUES OVER EXPENDITURES	243,283
<u>OTHER FINANCING USES</u>	
Reversion to Board of County Commissioners	(243,283)
NET CHANGE IN FUND BALANCE	-
FUND BALANCE – October 1, 2011	-
FUND BALANCE – September 30, 2012	\$ -

The accompanying "Notes to Financial Statements"  
form an integral part of this statement.

**Statement of Fiduciary Net Assets**  
**September 30, 2012**  
**Levy County Tax Collector**

	AGENCY FUNDS
<u>ASSETS</u>	
Cash and Equivalents	\$ 1,313,485
Due From Other Funds	826
Accounts Receivable	1,822
TOTAL ASSETS	1,316,133
<u>LIABILITIES</u>	
Due to Other Funds	62,988
Due to Other County Agencies	78,691
Assets Held for Others	1,174,454
TOTAL LIABILITIES	1,316,133
NET ASSETS	\$ -

The accompanying "Notes to Financial Statements"  
form an integral part of this statement.

**Notes to Financial Statements**  
**September 30, 2012**  
**Levy County Tax Collector**

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

The accounting policies of the Levy County Tax Collector (the “Office”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity

The Tax Collector is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law.

The Office is an integral part of Levy County, the primary government for financial reporting purposes.

Basis of Presentation

The Office’s financial statements are special purpose financial statements that have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida (the “Rules”). These special purpose financial statements are the fund financial statements specified in GASB Statement No. 34. In conformity with the Rules, the Office has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, or management’s discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County’s countywide financial statements.

Fund Accounting

Accounts are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The focus of fund financial statements is on major funds, each displayed in a separate column. All nonmajor funds are aggregated and displayed in a single column. The Office does not report any nonmajor governmental funds.

The Office reports the following major governmental fund:

General Fund - the General Fund is the general operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

The Office also reports the following fiduciary funds:

Agency Funds - Agency Funds are used to account for resources held in a purely custodial capacity.

**Notes to Financial Statements**  
**September 30, 2012**  
**Levy County Tax Collector**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Balance

The Office follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Office is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

The fund balance classifications specified in GASB Statement No. 54 are as follows:

*Nonspendable Fund Balance* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted Fund Balance* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Office's highest level of decision-making authority, which is a policy of the Office. Committed amounts cannot be used for any other purpose unless the Office removes those constraints by taking the same type of action.

*Assigned Fund Balance* – Assigned fund balances are amounts that are constrained by the Office's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the constitutional officer or (b) a body or official to which the constitutional officer has delegated the authority to assign amounts to be used for specific purposes.

*Unassigned Fund Balance* – Unassigned fund balance is the residual classification for the General Fund.

The Office's policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

Measurement Focus/Basis of Accounting

All governmental funds are accounted for on a current financial resources measurement focus.

This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of "available spendable resources" during a period.

**Notes to Financial Statements**  
**September 30, 2012**  
**Levy County Tax Collector**

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

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

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on long-term debt are recognized when due.

Agency fund assets and liabilities are accounted for on the accrual basis of accounting.

Capital Assets and Long-Term Liabilities

Capital assets used by the Office are recorded and accounted for by the Levy County Board of County Commissioners.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the financial statements of the County.

Cash and Equivalents

All cash and equivalents are placed in a bank that qualifies as a public depository pursuant to the provisions of the Florida Security For Public Deposits Act. Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required to ensure that all funds are entirely insured or collateralized throughout the fiscal year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

**NOTE 2 – CHANGES IN LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities follows:

	BALANCE OCTOBER 1, 2011	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30, 2012	DUE WITHIN ONE YEAR
Compensated Absences	\$ 19,000	\$ 24,000	\$ 21,000	\$ 22,000	\$ 13,000

**Notes to Financial Statements**  
**September 30, 2012**  
**Levy County Tax Collector**

**NOTE 3 – PENSION PLAN**

*Plan Description.* The Office contributes to the Florida Retirement System ("System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000, or by calling (850) 488-6491.

*Funding Policy.* The Office is required to contribute at an actuarially determined rate. The employer contribution rates at September 30, 2012 were as follows: Regular Employees 5.18%; Special Risk Employees 14.90%; Senior Management 6.30%; Elected Officials 10.23%; DROP 5.44%. Employees are required to contribute 3.00%. The contribution requirements of plan members and the Office are established and may be amended by the Florida Legislature. The Office's contributions to the System for the years ended September 30, 2012, 2011 and 2010 were \$33,000, \$61,000 and \$68,000, respectively, equal to the required contributions for each year.

**NOTE 4 – RISK MANAGEMENT**

The Office's risks of loss related to health insurance, workers' compensation and other general liability are covered by commercial insurance. The Office participates in the policies of the Board of County Commissioners. For the past three years, there have been no insurance settlements significantly in excess of insurance coverage.

**NOTE 5 – INTERFUND BALANCES**

	Due To			
<u>Due From</u>	General Fund	Tax Fund	Game and Wildlife Fund	Total
Tax Fund	\$ 3,307	\$ -	\$ -	\$ 3,307
Tag Fund	57,876	696	130	58,702
Game and Wildlife Fund	979	-	-	979
	\$62,162	\$ 696	\$ 130	\$62,988

**REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual – General Fund**  
**For the Year Ended September 30, 2012**  
**Levy County Tax Collector**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Charges for Services	\$ 1,234,260	\$ 1,234,260	\$ 1,208,313	\$ (25,947)
Miscellaneous Revenue	1,350	1,350	400	(950)
<b>TOTAL REVENUES</b>	<b>1,235,610</b>	<b>1,235,610</b>	<b>1,208,713</b>	<b>(26,897)</b>
<u>EXPENDITURES</u>				
Current:				
General Government Services	981,485	992,650	965,430	27,220
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>254,125</b>	<b>242,960</b>	<b>243,283</b>	<b>323</b>
<u>OTHER FINANCING USES</u>				
Reversion to Board of County Commissioners	(254,125)	(242,960)	(243,283)	(323)
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES - October 1, 2011</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES - September 30, 2012</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Notes to Schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by Florida Statutes. The fund is the legal level of control.

**SUPPLEMENTARY INFORMATION**

**Combining Statement of Fiduciary Net Assets  
Agency Funds  
September 30, 2012  
Levy County Tax Collector**

	TAX FUND	TAG FUND	GAME AND WILDLIFE FUND	TOTAL
<b><u>ASSETS</u></b>				
Cash and Equivalents	\$ 1,137,719	\$ 173,517	\$ 2,249	\$ 1,313,485
Due From Other Funds	696	-	130	826
Accounts Receivable	-	1,822	-	1,822
<b>TOTAL ASSETS</b>	<b>1,138,415</b>	<b>175,339</b>	<b>2,379</b>	<b>1,316,133</b>
<b><u>LIABILITIES</u></b>				
Due to Other Funds	3,307	58,702	979	62,988
Due to Other County Agencies	76,135	2,556	-	78,691
Assets Held for Others	1,058,973	114,081	1,400	1,174,454
<b>TOTAL LIABILITIES</b>	<b>1,138,415</b>	<b>175,339</b>	<b>2,379</b>	<b>1,316,133</b>
<b>NET ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**ADDITIONAL ELEMENTS REQUIRED BY THE  
RULES OF THE AUDITOR GENERAL**

## Management Letter

The Honorable Linda Fugate  
Tax Collector  
Levy County, Florida

We have audited the financial statements of the Levy County Tax Collector, as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated May 14, 2013. That report should be considered in conjunction with this management letter.

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. 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 require that certain items be addressed in this letter.

### Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. These requirements of the Rules of the Auditor General are addressed in the Schedule of Findings that accompanies this letter.

### Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal any noncompliance with the provisions of Section 218.415, Florida Statutes.

### Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter.

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

The Honorable Linda Fugate  
Tax Collector  
Levy County, Florida  
Page 2

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram LLC". The signature is written in a cursive style and is centered on the page.

May 14, 2013  
Gainesville, Florida

The Honorable Linda Fugate  
Tax Collector  
Levy County, Florida

We have audited the financial statements of the major fund and the aggregate remaining fund information of the Levy County Tax Collector (the "Office") as of and for the year ended September 30, 2012, which collectively comprise the Office's special purpose financial statements and have issued our report thereon dated May 14, 2013. Our report on the financial statements included a paragraph explaining that the Office is an integral part of Levy County, the primary government for financial reporting purposes. 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.

### **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**

#### Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph 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 previously. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings as items 12-1 and 12-2 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.

#### Compliance and Other Matters

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

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

### **Communication with Those Charged with Governance**

Professional standards require that we provide you with the following information related to our audit.

#### Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects. Our audit of the financial statements does not relieve you or management of your responsibilities.

#### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no particularly sensitive estimates significantly affecting the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no particularly sensitive disclosures significantly affecting the financial statements.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements noted during the audit.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter.

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



May 14, 2013  
Gainesville, Florida

**Schedule of Findings  
For the Year Ended September 30, 2012  
Levy County Tax Collector**

12-1 (Reported in previous audit reports as items 11-1 and 10-1.)

*Condition* – As part of the audit process, it was necessary for us to assist with the preparation of your financial statements.

*Recommendation* – We recommend that you consider and evaluate the costs and benefits of improving internal controls relative to the financial reporting process.

12-2 *Condition* – The Office's Tax Roll System generated reports that were not always in agreement to amounts reported in filings with the State and other financial information of the Office.

This condition resulted from the Office's implementation of a new tax roll system in the previous year. The Office and software provider continue to work to resolve all discrepancies.

*Recommendation* – We recommend that internal controls relative to the Tax Roll reporting process be improved.

**LINDA FUGATE  
LEVY COUNTY TAX COLLECTOR  
CERTIFIED FLORIDA COLLECTOR  
LEVY COUNTY COURTHOUSE**

**PO DRAWER 250**

**352-486-5171**

**BRONSON FL 32621**

---

May 14, 2013

Mr. David R. Martin  
State of Florida Auditor General  
Tallahassee FL 32399

Dear Sir or Madam:

I am writing in response to the findings on our audit for year-end 2012.

On condition 12-1, we are working to prepare our financial statements.

On condition 12-2, the new Tax software provided has resolved all issues with the system.

Sincerely,

A handwritten signature in black ink, appearing to read 'Linda Fugate', written over a horizontal line.

Linda Fugate  
Tax Collector

Mr. David Martin  
Office of the Auditor General  
Page 2

12-6 Research is currently under way to identify all funds held in a custodial capacity  
in the Evidence Trust Fund.

Thank you for your help.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert M. McCallum, Jr.", with a stylized flourish at the end.

Robert M. McCallum, Jr., Sheriff  
Levy County Sheriff's Office

LEVY COUNTY  
PROPERTY APPRAISER

AUDIT REPORT

SEPTEMBER 30, 2012

**Levy County Property Appraiser  
Audit Report  
September 30, 2012**

**TABLE OF CONTENTS**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT .....	1
SPECIAL PURPOSE FINANCIAL STATEMENTS:	
Governmental Funds:	
Balance Sheet .....	3
Statement of Revenues, Expenditures and Changes in Fund Balance .....	4
Notes to Financial Statements .....	5
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund .....	9
ADDITIONAL ELEMENTS REQUIRED BY THE RULES OF THE AUDITOR GENERAL:	
Management Letter .....	10
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters/Communication with Those Charged with Governance .....	11
ELECTED OFFICIAL'S RESPONSE TO AUDITOR'S COMMENTS	--

## Independent Auditor's Report

The Honorable Osborn "Oz" Barker  
Property Appraiser  
Levy County, Florida

We have audited the accompanying special purpose financial statements of the Levy County Property Appraiser (the "Office") as of and for the year ended September 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the management of the Office. 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 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 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 accompanying financial statements have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida. They include only the financial activity of the Office, which is an integral part of Levy County, the primary government for financial reporting purposes.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the Office at September 30, 2012, and the changes in its financial position 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 April 16, 2013 on our consideration of the Office'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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the special purpose financial statements. Such information, although not a part of the special purpose financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the special purpose financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the special purpose financial statements, and other knowledge we obtained during our audit of the special purpose 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.

This report is intended solely for the information and use of the Office, its management, 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.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram LLC". The signature is written in a cursive, flowing style.

April 16, 2013  
Gainesville, Florida

**Balance Sheet – Governmental Funds**  
**September 30, 2012**  
**Levy County Property Appraiser**

	<u>GENERAL FUND</u>
<u>ASSETS</u>	
Cash and Equivalents	<u>\$115,795</u>
<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>	
Accounts Payable and Accrued Liabilities	\$ 4,581
Due to Other County Agencies	<u>111,214</u>
TOTAL LIABILITIES	115,795
FUND BALANCE	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$115,795</u>

The accompanying "Notes to Financial Statements"  
form an integral part of this statement.

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended September 30, 2012**  
**Levy County Property Appraiser**

	GENERAL FUND
<u>REVENUES</u>	
Charges for Services	\$ 31,571
Miscellaneous Revenue	27,868
TOTAL REVENUES	59,439
<u>EXPENDITURES</u>	
Current:	
General Government Services	856,773
EXCESS OF REVENUES UNDER EXPENDITURES	(797,334)
<u>OTHER FINANCING SOURCES (USES)</u>	
Appropriation from Board of County Commissioners	907,491
Reversion to Board of County Commissioners	(110,157)
TOTAL OTHER FINANCING SOURCES (USES)	797,334
NET CHANGE IN FUND BALANCE	-
FUND BALANCE - October 1, 2011	-
FUND BALANCE – September 30, 2012	\$ -

The accompanying "Notes to Financial Statements"  
form an integral part of this statement.

**Notes to Financial Statements**  
**September 30, 2012**  
**Levy County Property Appraiser**

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

The accounting policies of the Levy County Property Appraiser (the “Office”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity

The Property Appraiser is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law.

The Office is an integral part of Levy County, the primary government for financial reporting purposes.

Basis of Presentation

The Office’s financial statements are special purpose financial statements that have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida (the “Rules”). These special purpose financial statements are the fund financial statements specified in GASB Statement No. 34. In conformity with the Rules, the Office has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, or management’s discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County’s countywide financial statements.

Fund Accounting

Accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The focus of fund financial statements is on major funds, each displayed in a separate column. All nonmajor funds are aggregated and displayed in a separate column.

The Office reports the following major governmental fund.

General Fund - The General Fund is the primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

Fund Balance

The Office follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* to classify fund balances for governmental funds into specifically defined classifications. The classifications comprise a hierarchy based primarily on the extent to which the Office is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

**Notes to Financial Statements**  
**September 30, 2012**  
**Levy County Property Appraiser**

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

The fund balance classifications specified in GASB Statement No. 54 are as follows:

*Nonspendable Fund Balance* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted Fund Balance* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Office's highest level of decision-making authority, which is a policy of the Office. Committed amounts cannot be used for any other purpose unless the Office removes those constraints by taking the same type of action.

*Assigned Fund Balance* – Assigned fund balances are amounts that are constrained by the Office's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the constitutional officer or (b) a body or official to which the constitutional officer has delegated the authority to assign amounts to be used for specific purposes.

*Unassigned Fund Balance* – Unassigned fund balance is the residual classification for the General Fund.

The Office's policy is to expend resources in the following order: restricted, committed, assigned, and unassigned.

**Measurement Focus/Basis of Accounting**

All governmental funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of "available spendable resources" during a period.

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

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

**Notes to Financial Statements  
September 30, 2012  
Levy County Property Appraiser**

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

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on long-term debt are recognized when due.

**Capital Assets and Long-Term Liabilities**

Capital assets used by the Office are recorded and accounted for in the Levy County Board of County Commissioners.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the financial statements of the County.

**Cash and Equivalents**

All cash and equivalents are placed in a bank that qualifies as a public depository pursuant to the provisions of the Florida Security For Public Deposits Act. Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required to ensure that all funds are entirely insured or collateralized throughout the fiscal year.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

**NOTE 2 - CHANGES IN LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities follows:

	BALANCE OCTOBER 1, 2011	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30, 2012	DUE WITHIN ONE YEAR
Compensated Absences	<u>\$ 38,000</u>	<u>\$ 50,000</u>	<u>\$ 53,000</u>	<u>\$ 35,000</u>	<u>\$ 33,000</u>

**Notes to Financial Statements**  
**September 30, 2012**  
**Levy County Property Appraiser**

**NOTE 3 – PENSION PLAN**

*Plan Description.* The Office contributes to the Florida Retirement System ("System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000, or by calling (850) 488-6491.

*Funding Policy.* The Office is required to contribute at an actuarially determined rate. The employer contribution rates at September 30, 2012 were as follows: Regular Employees 5.18%; Special Risk Employees 14.90%; Senior Management 6.30%; Elected Officials 10.23%; DROP 5.44%. Employees are required to contribute 3.00%. The contribution requirements of plan members and the Office are established and may be amended by the Florida Legislature. The Office's contributions to the System for the years ended September 30, 2012, 2011 and 2010 were approximately \$34,000, \$73,000 and \$75,000, respectively, equal to the required contributions for each year.

**NOTE 4 – RISK MANAGEMENT**

The Office's risks of loss related to health insurance, workers' compensation and other general liability are covered by commercial insurance. The Office participates in the policies of the Board of County Commissioners. For the past three years, there have been no insurance settlements significantly in excess of insurance coverages.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual – General Fund**  
**For the Year Ended September 30, 2012**  
**Levy County Property Appraiser**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b><u>REVENUES</u></b>				
Charges for Services	\$ 33,726	\$ 33,726	\$ 31,571	\$ (2,155)
Miscellaneous Revenue	-	-	27,868	27,868
<b>TOTAL REVENUES</b>	<b>33,726</b>	<b>33,726</b>	<b>59,439</b>	<b>25,713</b>
<b><u>EXPENDITURES</u></b>				
Current:				
General Government Services	926,166	938,217	856,773	81,444
Reserve for Contingencies	15,000	3,000	-	3,000
<b>TOTAL EXPENDITURES</b>	<b>941,166</b>	<b>941,217</b>	<b>856,773</b>	<b>84,444</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(907,440)</b>	<b>(907,491)</b>	<b>(797,334)</b>	<b>110,157</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Appropriation from Board of County Commissioners	907,440	907,491	907,491	-
Reversion to Board of County Commissioners	-	-	(110,157)	(110,157)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>907,440</b>	<b>907,491</b>	<b>797,334</b>	<b>(110,157)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES - October 1, 2011</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES - September 30, 2012</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Notes to Schedule:

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by Florida Statutes. The fund is the legal level of control.

**ADDITIONAL ELEMENTS REQUIRED BY THE  
RULES OF THE AUDITOR GENERAL**

## Management Letter

The Honorable Osborn "Oz" Barker  
Property Appraiser  
Levy County, Florida

We have audited the financial statements of the Levy County Property Appraiser, as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated April 16, 2013. That report should be considered in conjunction with this management letter.

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. 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 require that certain items be addressed in this letter.

### Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. The Office has no uncorrected prior audit findings that are required to be identified pursuant to the Rules of the Auditor General.

### Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal any noncompliance with the provisions of Section 218.415, Florida Statutes.

### Other Matters

Our audit did not reveal any other matters that we are required to include in this management letter.

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

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.



April 16, 2013  
Gainesville, Florida



The Honorable Osborn "Oz" Barker  
Property Appraiser  
Levy County, Florida

We have audited the financial statements of the Levy County Property Appraiser (the "Office") as of and for the year ended September 30, 2012, and have issued our report thereon dated April 16, 2013. Our report included a paragraph explaining that the financial statements include only the financial activities of the Office and, accordingly, are not intended to be a complete presentation for Levy County, the primary government for financial reporting purposes. 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.

### **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**

#### Internal Control Over Financial Reporting

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

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

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.

### Compliance and Other Matters

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

### **Communication with Those Charged with Governance**

Professional standards require that we provide you with the following information related to our audit.

#### Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects. Our audit of the financial statements does not relieve you or management of your responsibilities.

#### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no particularly sensitive estimates significantly affecting the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no particularly sensitive disclosures significantly affecting the financial statements.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements noted during the audit.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter.

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

*Car, Riggs & Ingram LLC*

April 16, 2013  
Gainesville, Florida

# Levy County Property Appraiser Osborn "Oz" Barker

P. O. Drawer 100 Bronson, Florida 32621

Telephone (352) 486-5222  
Map Room (352) 486-5192



April 16, 2013

Auditor General  
State of Florida  
Tallahassee, Florida 32399

Dear Sir,

I have reviewed the audited financial statements of this office for the fiscal year ending September 30, 2012. We are pleased to note that we had no corrective action comments.

I am very pleased with the results of this audit and am proud of the fact that I have conducted the affairs of the Property Appraiser's Office in such a manner that I have received such a favorable audit. As always we are open to suggestions from our auditors and constantly search for ways to improve our financial reporting.

I appreciate the manner in which the auditors conducted the audit and feel that they did the work in a professional and courteous manner.

Sincerely,

A handwritten signature in cursive script that reads "Osborn G. Barker".

Osborn G. Barker  
Property Appraiser

Copy: File  
Levy County Board of Commissioners  
Robert J. Beauchamp, CPA

LEVY COUNTY SUPERVISOR  
OF ELECTIONS

AUDIT REPORT

SEPTEMBER 30, 2012

**Levy County Supervisor of Elections  
Audit Report  
September 30, 2012**

**TABLE OF CONTENTS**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT .....	1
SPECIAL PURPOSE FINANCIAL STATEMENTS:	
Governmental Funds:	
Balance Sheet .....	3
Statement of Revenues, Expenditures and Changes in Fund Balance .....	4
Fiduciary Funds:	
Statement of Fiduciary Net Assets .....	5
Notes to Financial Statements .....	6
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund .....	9
ADDITIONAL ELEMENTS REQUIRED BY THE RULES OF THE AUDITOR GENERAL:	
Management Letter .....	10
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters/Communication with Those Charged with Governance .....	11
Schedule of Findings .....	14
ELECTED OFFICIAL'S RESPONSE TO AUDITOR'S COMMENTS	--

## Independent Auditor's Report

The Honorable Tammy Jones  
Supervisor of Elections  
Levy County, Florida

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Levy County Supervisor of Elections (the "Office") as of and for the year ended September 30, 2012, which collectively comprise the Office's special purpose financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Office. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 1 to the financial statements, the accompanying financial statements have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida. They include only the financial activity of the Office, which is an integral part of Levy County, the primary government for financial reporting purposes.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the aggregate remaining fund information of the Office at September 30, 2012, and the respective changes in financial position, where applicable, thereof 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 April 12, 2013 on our consideration of the Office'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 considering in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule be presented to supplement the special purpose financial statements. Such information, although not a part of the special purpose financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the special purpose financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the special purpose financial statements, and other knowledge we obtained during our audit of the special purpose 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.

This report is intended solely for the information and use of the Office, its management, 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.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram LLC". The signature is written in a cursive, flowing style.

April 12, 2013  
Gainesville, Florida

**Balance Sheet – Governmental Funds  
September 30, 2012  
Levy County Supervisor of Elections**

	GENERAL FUND
<u>ASSETS</u>	
Cash and Equivalents	\$ 15,292
 <u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>	
Accounts Payable and Accrued Liabilities	\$ 6,477
Due to Other County Agencies	8,815
TOTAL LIABILITIES	15,292
FUND BALANCE	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 15,292

The accompanying "Notes to Financial Statements"  
form an integral part of this statement.

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
For the Year Ended September 30, 2012  
Levy County Supervisor of Elections**

	GENERAL FUND
<u>REVENUES</u>	
Miscellaneous Revenue	\$ 9,314
<u>EXPENDITURES</u>	
Current:	
General Government Services	419,956
EXCESS OF REVENUES UNDER EXPENDITURES	(410,642)
<u>OTHER FINANCING SOURCES (USES)</u>	
Appropriation from Board of County Commissioners	410,700
Reversion to the Board of County Commissioners	(58)
TOTAL OTHER FINANCING SOURCES (USES)	410,642
NET CHANGE IN FUND BALANCE	-
FUND BALANCE – October 1, 2011	-
FUND BALANCE – September 30, 2012	\$ -

The accompanying "Notes to Financial Statements"  
form an integral part of this statement.

**Statement of Fiduciary Net Assets**  
**September 30, 2012**  
**Levy County Supervisor of Elections**

	<u>Agency Fund</u>
<u>ASSETS</u>	
Cash and Equivalents	\$ 1,641
<u>LIABILITIES</u>	
Due to Other County Agencies	<u>1,641</u>
 NET ASSETS	 <u><u>\$ -</u></u>

The accompanying "Notes to Financial Statements"  
form an integral part of this statement.

**Notes to Financial Statements**  
**September 30, 2012**  
**Levy County Supervisor of Elections**

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

The accounting policies of the Levy County Supervisor of Elections (the “Office”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

**Reporting Entity**

The Supervisor of Elections is an elected constitutional officer, whose office is established by Article VIII of the Constitution of the State of Florida and is governed by various provisions of state law.

The Office is an integral part of Levy County, the primary government for financial reporting purposes.

**Basis of Presentation**

The Office’s financial statements are special purpose financial statements that have been prepared for the purpose of complying with the Rules of the Auditor General of the State of Florida (the “Rules”). These special purpose financial statements are the fund financial statements specified in GASB Statement No. 34. In conformity with the Rules, the Office has not presented reconciliations to the government-wide financial statements, the government-wide financial statements, or management’s discussion and analysis. Also, certain notes to the financial statements may supplement rather than duplicate the notes included in the County’s countywide financial statements.

**Fund Accounting**

Accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The focus of fund financial statements is on major funds, each displayed in a separate column. All nonmajor funds are aggregated and displayed in a separate column. The Office has no nonmajor governmental funds.

The Office reports the following major governmental fund:

**General Fund** - the General Fund is the general operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

Additionally, the office reports the following fiduciary fund:

**Agency Fund** - Agency Funds are used to account for resources held in a purely custodial capacity.

**Notes to Financial Statements**  
**September 30, 2012**  
**Levy County Supervisor of Elections**

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

Measurement Focus/Basis of Accounting

All governmental funds are accounted for on a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets and, accordingly, are said to present a summary of sources and uses of "available spendable resources" during a period.

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

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on long-term debt are recognized when due.

Agency fund assets and liabilities are accounted for on the accrual basis of accounting.

Capital Assets and Long-Term Liabilities

Capital assets used by the Office are recorded and accounted for by the Levy County Board of County Commissioners.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the financial statements of the County.

Cash and Equivalents

All cash and equivalents are placed in a bank that qualifies as a public depository pursuant to the provisions of the Florida Security For Public Deposits Act. Every qualified public depository is required by this law to deposit with the State Treasurer eligible collateral equal to, or in excess of, an amount to be determined by the State Treasurer. The State Treasurer is required to ensure that all funds are entirely insured or collateralized throughout the fiscal year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

**Notes to Financial Statements**  
**September 30, 2012**  
**Levy County Supervisor of Elections**

**NOTE 2 – CHANGES IN LONG-TERM DEBT**

A summary of changes in long-term debt follows:

	BALANCE OCTOBER 1, 2011	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30, 2012	DUE WITHIN ONE YEAR
Compensated Absences	<u>\$17,500</u>	<u>\$ 7,600</u>	<u>\$ 10,100</u>	<u>\$ 15,000</u>	<u>\$ 4,000</u>

**NOTE 3 – PENSION PLAN**

*Plan Description.* The Office contributes to the Florida Retirement System ("System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Management Services, Division of Retirement. The System provides retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000, or by calling (850) 488-6491.

*Funding Policy.* The Office is required to contribute at an actuarially determined rate. The employer contribution rates at September 30, 2012 were as follows: Regular Employees 5.18%; Special Risk Employees 14.90%; Senior Management 6.30%; Elected Officials 10.23%; DROP 5.44%. Employees are required to contribute 3.00%. The contribution requirements of plan members and the Office are established and may be amended by the Florida Legislature. The Office's contributions to the System for the years ended September 30, 2012, 2011 and 2010 were \$8,500, \$18,300 and \$19,600, respectively, equal to the required contributions for each year.

**NOTE 4 – RISK MANAGEMENT**

The Office's risks of loss related to health insurance, workers' compensation and other general liability are covered by commercial insurance. The Office participates in the policies of the Board of County Commissioners. For the past three years, there have been no insurance settlements significantly in excess of insurance coverages.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual – General Fund**  
**For the Year Ended September 30, 2012**  
**Levy County Supervisor of Elections**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Miscellaneous Revenue	\$ -	\$ -	\$ 9,314	\$ 9,314
<b>EXPENDITURES</b>				
Current:				
General Government Services	410,700	410,700	419,956	(9,256)
Reserve for Contingency	2,000	2,000	-	2,000
<b>TOTAL EXPENDITURES</b>	<b>412,700</b>	<b>412,700</b>	<b>419,956</b>	<b>(7,256)</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(412,700)</b>	<b>(412,700)</b>	<b>(410,642)</b>	<b>2,058</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation from Board of County Commissioners	412,700	412,700	410,700	(2,000)
Reversion to the Board of County Commissioners	-	-	(58)	(58)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>412,700</b>	<b>412,700</b>	<b>410,642</b>	<b>(2,058)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES - October 1, 2011</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES – September 30, 2012</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Notes to Schedule:**

The budget is prepared on a basis that does not differ materially from generally accepted accounting principles. Its preparation, adoption, and amendment is governed by Florida Statutes. The fund is the legal level of control. The Office overexpended its budget \$7,256.

**ADDITIONAL ELEMENTS REQUIRED BY THE  
RULES OF THE AUDITOR GENERAL**

## Management Letter

The Honorable Tammy Jones  
Supervisor of Elections  
Levy County, Florida

We have audited the financial statements of the Levy County Supervisor of Elections, as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated April 12, 2013. That report should be considered in conjunction with this management letter.

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. 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 require that certain items be addressed in this letter.

### Prior Audit Findings

The Rules of the Auditor General require that we comment as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding audit. If the audit findings in the preceding audit report are uncorrected, we are required to identify those findings that were also included in the second preceding audit report. These requirements of the Rules of the Auditor General are addressed in the Schedule of Findings that accompanies this letter.

### Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. Our audit did not reveal any noncompliance with the provisions of Section 218.415, Florida Statutes.

### Other Matters

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

We wish to take this opportunity to thank you and your staff for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or other matters.



April 12, 2013  
Gainesville, Florida

The Honorable Tammy Jones  
Supervisor of Elections  
Levy County, Florida

We have audited the financial statements of the major fund and the aggregate remaining fund information of the Levy County Supervisor of Elections (the "Office") as of and for the year ended September 30, 2012, which collectively comprise the Office's special purpose financial statements and have issued our report thereon dated April 12, 2013. Our report included a paragraph explaining that the financial statements include only the financial activities of the Office and, accordingly, are not intended to be a complete presentation for Levy County, the primary government for financial reporting purposes. 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.

### **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**

#### Internal Control Over Financial Reporting

Management of the Office is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Office's internal control over financial reporting in order to determine 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 Office's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Office's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness and a deficiency that we consider to be a significant deficiency.

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

detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as item 12-1 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. We consider the deficiency described in the accompanying Schedule of Findings as item 12-2 to be a significant deficiency.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office'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 noted a matter that we reported to management in the accompanying Schedule of Findings as item 12-3.

The Office's response to the findings identified in our audit is described in its accompanying response. We did not audit the Office's response and, accordingly, we express no opinion on it.

### **Communication with Those Charged with Governance**

Professional standards require that we provide you with the following information related to our audit.

#### Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects. Our audit of the financial statements does not relieve you or management of your responsibilities.

#### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no particularly sensitive estimates significantly affecting the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There are no particularly sensitive disclosures significantly affecting the financial statements.

#### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We noted such misstatements during the audit that management has corrected. In addition, none of the misstatements detected as a result of our audit procedures and corrected by management were material, either individually or in the aggregate to the financial statements taken as a whole.

#### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### Management Representations

We have requested certain representations from management that are included in the management representation letter.

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



April 12, 2013  
Gainesville, Florida

**Schedule of Findings  
For the Year Ended September 30, 2012  
Levy County Supervisor of Elections**

12-1 (Reported in previous years as Condition 11-1 and 10-1.)

**Finding** – Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties. We noted that one employee has access to both physical assets and the related accounting records. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected.

**Recommendation** – To the extent possible, given the availability of personnel, steps should be taken to separate employee duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction.

12-2 (Reported in previous years as Condition 11-2 and 10-2.)

**Finding** – As part of the audit process, it was necessary for us to assist with the preparation of your financial statements.

**Recommendation** – We recommend that you consider and evaluate costs and benefits of improving internal controls relative to the financial reporting process.

12-3 **Finding** – The Office did not amend its budget during the year to cover unanticipated expenditures pursuant to Section 129.201(9), Florida Statutes. Consequently, the Office overexpended its budget \$7,256.

**Recommendation** – The Office should amend its budget by the Board of County Commissioners for unanticipated expenditures, as required by Florida Statutes.



*Tammy Jones*

Levy County  
Supervisor of Elections  
421 S. Court St.  
Bronson, FL 32621

(352) 486-5163  
tammy@votelevy.com  
Website: [www.votelevy.com](http://www.votelevy.com)

April 12, 2013

To: David W Martin  
State of Florida Auditor General

From: Tammy Jones  
Supervisor of Elections  
Levy County, Florida

Re: Response to Auditors Report

First, I would like to introduce myself. I am Tammy Jones and I was duly elected to the Levy County Supervisor of Elections office in 2012. I took office on January 1, 2013. I have worked in the office for the previous Supervisor of Elections for over 18 years. However, my duties did not include the budgeting and accounting for the elections office. As Supervisor of Elections, I will strive to comply with the Constitution and Government of the United States and of the State of Florida.

Below is a response to the findings to the 2011-2012 fiscal years and my goals to achieve corrective action where ever possible.

12-1 In order to comply with internal controls over cash requirements needed for audit purposes, I will provide unopened bank statements each month to my accountant. She will review monthly transactions to ensure all receipts of income are properly recorded and deposited timely. She will review disbursements to ensure validity of expenditures by random review of vendor payment records. She will then reconcile the bank account on a monthly basis. She will provide bank reconciliation reports for each bank account.

12-2 We have evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements, and determined that it is in our best interest to outsource this task to our independent auditors.

12-3 I will be careful to keep a watchful eye on all expenses and deposits made within the Supervisor of Elections office to assure that all money is handled correctly and within budget.

I would like to thank the auditor for bringing these matters to my attention.

Sincerely,

Tammy Jones  
Supervisor of Elections  
Levy County, Florida