

Levy County, Florida

Audit Report

September 30, 2013

	Page
Independent Auditor’s Report	i
Management’s Discussion and Analysis	iii
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Governmental Fund Financial Statements:	
Balance Sheet	3
Reconciliation of the Balance Sheet to the Statement of Net Position	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
Proprietary Fund Financial Statements:	
Statement of Net Position	7
Statement of Revenues, Expenses and Changes in Fund Net Position	8
Statement of Cash Flows	9
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position	10
Notes to Financial Statements	11
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	32
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Road and Bridge Fund	33
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Road Impact Fee Fund	34
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – EMS Fund	35

	Page
Other Postemployment Benefits – Board of County Commissioners	
Schedule of Funding Progress	36
Schedule of Employer Contributions	36
Other Postemployment Benefits – Office of the Sheriff	
Schedule of Funding Progress	37
Schedule of Employer Contributions	37
Supplementary Information	
Combining Balance Sheet – Nonmajor Governmental Funds	38
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	42
Combining Statement of Fiduciary Net Position – Agency Funds	46
Schedule of Expenditures of Federal Awards and State Financial Assistance	47
Additional Elements Required by the Rules of the Auditor General	
Management Letter	50
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	54
Independent Auditor’s Report on Compliance for Each Major Federal Program and State Project and on Internal Control Over Compliance Required by OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General	56
Schedule of Findings and Questioned Costs	58
Management’s Follow-up of Audit Findings:	
Summary Schedule of Prior Audit Findings	--
Corrective Action Plan	--

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Levy County, Florida

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 14 to the financial statements, the County implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules listed in the table of contents as "required supplementary information" 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2014, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Carly Riggs & Ingram, L.L.C.

Gainesville, Florida
June 23, 2014

LEVY COUNTY, FLORIDA

MANAGEMENT'S DISCUSSION and ANALYSIS

September 30, 2013

This Management Discussion and Analysis provides an objective and easily readable analysis of the County's financial activities for fiscal year ended September 30, 2013. 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 and deferred outflows exceeded total liabilities by \$101,873,270 (*net position*). Of this amount, \$12,256,436 is *unrestricted net position* while \$85,049,068 represents net investment in capital assets. The remaining \$4,567,766 is restricted net position.
- Net position of business-type activities decreased by \$280,434 over the previous year. Net position of governmental activities decreased \$2,727,859. Accordingly, net position of both business-type and governmental activities decreased a total of \$3,008,293.
- At September 30, 2013, the General Fund had an unassigned fund balance of \$224,763. The total fund balance increased \$240,228.
- At September 30, 2013, the County's governmental funds reported a combined fund balance of \$21,535,369.

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 Position and the Statement of Activities.

The Statement of Net Position presents information on all assets, deferred outflows, liabilities and deferred inflows of the County, with assets plus deferred outflows minus liabilities minus deferred inflows reported as *net position*. Changes in net position 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 expenses of the County and the change in net position for the fiscal year. All changes in net position 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 nonmajor 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 nonmajor governmental funds, and schedules of expenditures of federal and state awards.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Levy County, assets and deferred outflows exceeded liabilities by \$101,873,270 at the close of the fiscal year ended September 30, 2013.

Levy County's Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 24,789,544	\$ 23,392,734	\$ 2,878,250	\$ 2,783,947	\$ 27,667,794	\$ 26,176,681
Capital assets	85,896,851	90,299,411	4,211,656	4,364,137	90,108,507	94,663,548
Total assets	110,686,395	113,692,145	7,089,906	7,148,084	117,776,301	120,840,229
Deferred outflows	243,400	-	-	-	243,400	-
Current and other liabilities	2,813,111	3,799,063	70,079	86,557	2,883,190	3,885,620
Long-term liabilities	7,748,072	6,796,611	5,515,169	5,276,435	13,263,241	12,073,046
Total liabilities	10,561,183	10,595,674	5,585,248	5,362,992	16,146,431	15,958,666
Net position:						
Net investment in capital assets	80,837,412	84,939,411	4,211,656	4,364,137	85,049,068	89,303,548
Restricted	4,567,766	9,553,207	-	-	4,567,766	9,553,207
Unrestricted	14,963,434	8,603,853	(2,706,998)	(2,579,045)	12,256,436	6,024,808
Total net position	\$ 100,368,612	\$ 103,096,471	\$ 1,504,658	\$ 1,785,092	\$ 101,873,270	\$ 104,881,563

The largest portion of the County's net position 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 position represents resources that are subject to restrictions imposed externally on how they may be used.

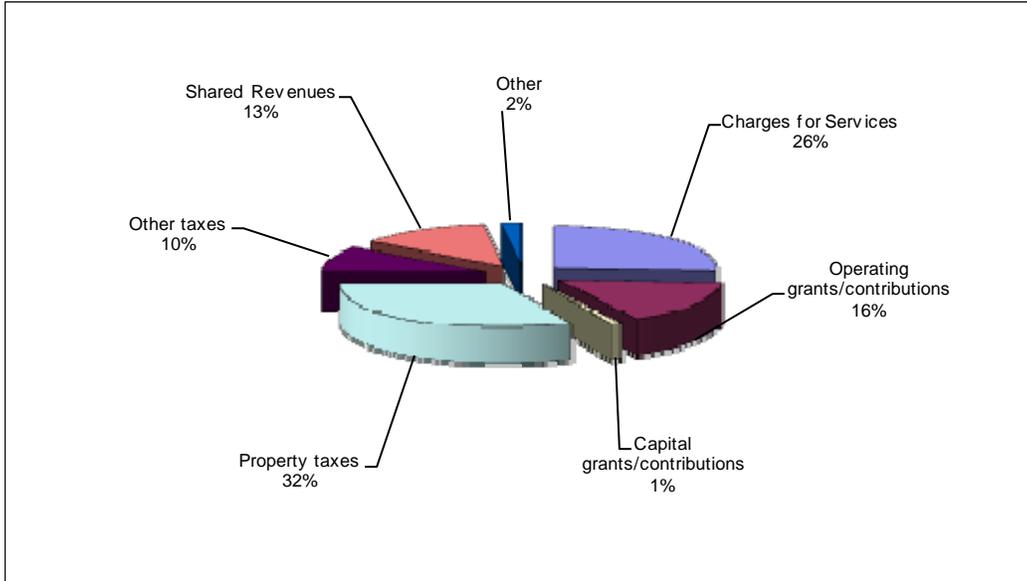
Changes in Net Position

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

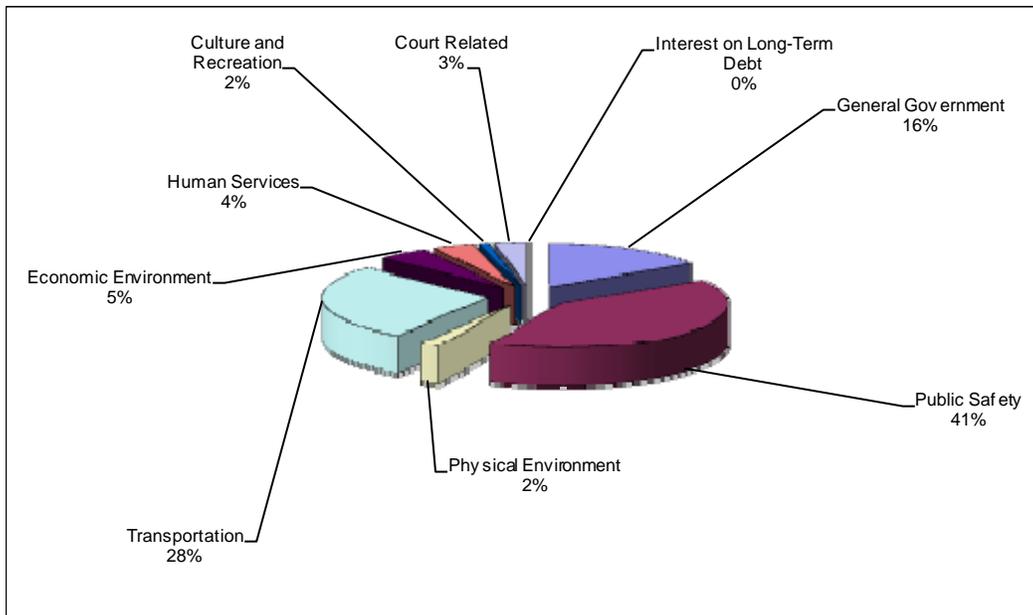
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues:						
Charges for services	\$ 10,449,832	\$ 8,623,260	\$ 1,847,292	\$ 1,841,067	\$ 12,297,124	\$ 10,464,327
Operating grants and contributions	6,619,008	3,605,014	70,588	44,164	6,689,596	3,649,178
Capital grants and contributions	392,217	969,018	-	26,424	392,217	995,442
General revenues:						
Property taxes	12,523,924	13,069,873	-	-	12,523,924	13,069,873
Other taxes	4,098,083	4,100,609	-	-	4,098,083	4,100,609
Shared revenues	5,440,167	5,252,638	-	-	5,440,167	5,252,638
Other	995,753	402,889	10,603	6,895	1,006,356	409,784
	40,518,984	36,023,301	1,928,483	1,918,550	42,447,467	37,941,851
Expenses						
General government	7,054,994	6,667,167	-	-	7,054,994	6,667,167
Public safety	17,580,237	16,720,562	-	-	17,580,237	16,720,562
Physical environment	666,808	614,661	2,208,917	2,129,532	2,875,725	2,744,193
Transportation	11,916,846	11,798,058	-	-	11,916,846	11,798,058
Economic environment	2,290,618	663,359	-	-	2,290,618	663,359
Human services	1,541,613	1,692,083	-	-	1,541,613	1,692,083
Culture and recreation	610,012	597,911	-	-	610,012	597,911
Court related	1,479,387	1,522,255	-	-	1,479,387	1,522,255
Interest on long-term debt	106,328	240,793	-	-	106,328	240,793
	43,246,843	40,516,849	2,208,917	2,129,532	45,455,760	42,646,381
Change in net position	(2,727,859)	(4,493,548)	(280,434)	(210,982)	(3,008,293)	(4,704,530)
Net position - beginning of year	103,096,471	107,590,019	1,785,092	1,996,074	104,881,563	109,586,093
Net position - end of year	\$ 100,368,612	\$ 103,096,471	\$ 1,504,658	\$ 1,785,092	\$ 101,873,270	\$ 104,881,563

Fiscal Year Ended September 2013

Revenue – Governmental Activities



Expenses – Governmental Activities



As noted earlier, net position may serve overtime as a useful indicator of a government's financial position. Assets plus deferred outflows exceeded liabilities by \$101,873,270.

The County had depreciation in property values of \$112,839,288, which resulted in a loss of ad valorem taxes of approximately \$900,000. Total revenues increased \$4,505,616, representing a 12% increase from 2012.

Charges for services increased from the previous year by \$1,832,797, and revenue from operating grants and contributions increased by \$3,040,418. Governmental activities expenses exceeded revenues by \$2,727,859, while business-type activities expenses exceeded revenues by \$280,434. Total expenses increased by \$2,809,379 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 an increase in fund balance of \$240,228. Total revenues and transfers in increased approximately \$392,000 while expenditures and transfers out increased from the prior year. The total fund balance was \$4,673,185 of which approximately \$3,850,000 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 \$1,747,554 at year-end. This was a decrease of \$54,920 from the prior year.

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 \$962,044, 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 \$7,687,140.

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 \$1,847,292 in the current year. This amount consists of \$1,363,186 generated by tip and recycling fees and the amount of \$484,106 from special assessments. As of September 30, 2013, total net position was \$1,504,658.

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 \$320,000 due to a decrease in property taxes resulting from a decrease in taxable values. Budgeted expenditures exceeded actual by approximately \$4 million due to \$1.4 million of unexpended General Government expenditures as well as unexpended amounts in other functions.

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	
	2013	2012	2013	2012	2013	2012
Land	\$ 5,011,623	\$ 5,011,623	\$ 239,648	\$ 239,648	\$ 5,251,271	\$ 5,251,271
Buildings	12,880,443	13,281,158	3,501,716	3,582,213	16,382,159	16,863,371
Improvements	136,367	116,019	-	-	136,367	116,019
Equipment	5,319,447	4,944,942	470,292	542,276	5,789,739	5,487,218
Infrastructure	62,548,971	66,945,669	-	-	62,548,971	66,945,669
Capital assets, net	\$ 85,896,851	\$ 90,299,411	\$ 4,211,656	\$ 4,364,137	\$ 90,108,507	\$ 94,663,548

The County's total investment in capital assets for both its governmental and business type activities as of September 30, 2013, was \$90,108,507 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, 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, 2013, the County's governmental outstanding debt was \$7,748,072 and the business-type long-term debt was \$5,515,169. 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 has relied on property taxes and intergovernmental resources to fund its operations. The County has utilized grants, road, EMS, and park impact fees to help fund the infrastructure needs.

The Board of County Commissioners raised the General Fund millage rate to 8.3307 mills for fiscal year 2014.

There were 148 residential housing permits issued in the County for fiscal year 2013, down from the previous year total of 170.

Total taxable property values declined \$48,096,338 from budget year 2013 to 2014. 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 Position

September 30,

2013

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and equivalents	\$ 18,348,946	\$ 104,384	\$ 18,453,330
Investments	3,968,279	14,926	3,983,205
Due from other governments	1,448,030	12,298	1,460,328
Receivables	465,012	187,878	652,890
Internal balances	10,150	(10,150)	-
Prepays	549,127	-	549,127
Restricted assets:			
Cash and equivalents	-	2,183,299	2,183,299
Investments	-	385,615	385,615
Capital assets:			
Non-depreciable	5,011,623	239,648	5,251,271
Depreciable, net	80,885,228	3,972,008	84,857,236
Total assets	110,686,395	7,089,906	117,776,301
Deferred outflows			
Deferred loss on refunding	243,400	-	243,400
Liabilities			
Accounts payable and accrued liabilities	1,607,694	70,079	1,677,773
Unearned revenue	1,171,362	-	1,171,362
Other liabilities	34,055	-	34,055
Noncurrent liabilities:			
Due within one year	1,037,547	407,240	1,444,787
Due in more than one year	6,710,525	5,107,929	11,818,454
Total liabilities	10,561,183	5,585,248	16,146,431
Net position			
Net investment in capital assets	80,837,412	4,211,656	85,049,068
Restricted:			
Court costs	2,508,256	-	2,508,256
Other purposes	2,059,510	-	2,059,510
Unrestricted	14,963,434	(2,706,998)	12,256,436
Total net position	\$ 100,368,612	\$ 1,504,658	\$ 101,873,270

See accompanying notes.

Levy County, Florida

Statement of Activities

Year ended September 30,

2013

	Program revenues				Net (expense) revenue and changes in net position		
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Govern-mental activities	Business-type activities	Total
Functions/programs							
Governmental activities:							
General government	\$ 7,054,994	\$ 828,284	\$ 8,602	\$ -	\$ (6,218,108)	\$ -	\$ (6,218,108)
Public safety	17,580,237	6,955,658	785,172	290,000	(9,549,407)	-	(9,549,407)
Physical environment	666,808	80,988	36,907	-	(548,913)	-	(548,913)
Transportation	11,916,846	2,149,107	2,913,769	101,617	(6,752,353)	-	(6,752,353)
Economic environment	2,290,618	9,394	1,938,862	600	(341,762)	-	(341,762)
Human services	1,541,613	13,693	18,500	-	(1,509,420)	-	(1,509,420)
Culture and recreation	610,012	60,660	95,827	-	(453,525)	-	(453,525)
Court related	1,479,387	352,048	821,369	-	(305,970)	-	(305,970)
Interest on long-term debt	106,328	-	-	-	(106,328)	-	(106,328)
Total government activities	43,246,843	10,449,832	6,619,008	392,217	(25,785,786)	-	(25,785,786)
Business-type activities:							
Landfill	2,208,917	1,847,292	70,588	-	-	(291,037)	(291,037)
Total	\$ 45,455,760	\$ 12,297,124	\$ 6,689,596	\$ 392,217	(25,785,786)	(291,037)	(26,076,823)
General revenues:							
Property taxes					12,523,924	-	12,523,924
Sales taxes					2,548,427	-	2,548,427
Gas taxes					1,150,495	-	1,150,495
Tourist development tax					170,648	-	170,648
Communication service tax					228,513	-	228,513
Unrestricted shared revenues					5,440,167	-	5,440,167
Impact fees					149,749	-	149,749
Investment earnings					80,529	10,603	91,132
Miscellaneous					765,475	-	765,475
Total general revenues					23,057,927	10,603	23,068,530
Change in net position					(2,727,859)	(280,434)	(3,008,293)
Net position – beginning of year, as restated					103,096,471	1,785,092	104,881,563
Net position – end of year					\$ 100,368,612	\$ 1,504,658	\$ 101,873,270

See accompanying notes.

Levy County, Florida

Balance Sheet – Governmental Funds

September 30,

2013

	General Fund	Road and Bridge	Road Impact Fee Fund	EMS Fund	Sales Tax Revenue	Other Governmental Funds	Totals
Assets							
Cash and equivalents	\$ 4,492,663	\$ 1,430,629	\$ 944,825	\$ 828,132	\$ 3,682,173	\$ 6,970,524	\$ 18,348,946
Investments	12,392	6,713	-	8	3,900,265	48,901	3,968,279
Due from other funds	193,274	102,420	-	16,519	-	29,442	341,655
Due from other governments	532,236	326,732	-	804	104,702	483,556	1,448,030
Receivables	12,217	70	-	419,394	-	33,331	465,012
Prepays	499,004	-	-	-	-	250	499,254
Total assets	\$ 5,741,786	\$ 1,866,564	\$ 944,825	\$ 1,264,857	\$ 7,687,140	\$ 7,566,004	\$ 25,071,176
Liabilities							
Accounts payable and accrued liabilities	\$ 851,516	\$ 118,582	\$ -	\$ 83,172	\$ -	\$ 433,242	\$ 1,486,512
Due to other funds	46,463	-	-	31,484	-	253,558	331,505
Due to other governments	120,754	428	-	-	-	-	121,182
Deposits	-	-	-	-	-	25,430	25,430
Unearned revenue	8,107	-	906,478	-	-	256,777	1,171,362
Total liabilities	1,026,840	119,010	906,478	114,656	-	969,007	3,135,991
Deferred inflows							
Unavailable revenue	41,761	-	-	188,157	-	169,898	399,816
Fund balances							
Nonspendable: prepaids	499,004	-	-	-	-	250	499,254
Restricted	99,418	587,885	38,347	-	-	3,842,116	4,567,766
Assigned	3,850,000	1,159,669	-	962,044	7,687,140	2,693,546	16,352,399
Unassigned	224,763	-	-	-	-	(108,813)	115,950
Total fund balances	4,673,185	1,747,554	38,347	962,044	7,687,140	6,427,099	21,535,369
Total liabilities, deferred inflows and fund balances	\$ 5,741,786	\$ 1,866,564	\$ 944,825	\$ 1,264,857	\$ 7,687,140	\$ 7,566,004	\$ 25,071,176

See accompanying notes.

Reconciliation of the Balance Sheet to the Statement of Net Position

<i>September 30,</i>	2013
Fund balances – total governmental funds	\$ 21,535,369
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not reported in the governmental funds.	
Capital assets – net	85,896,851
Long-term liabilities are not reported in the governmental funds.	
Bonds payable	(5,175,000)
Bond premium	(127,839)
Due to other governments - Medicaid obligation	(380,831)
Net OPEB obligation	(815,202)
Compensated absences	(1,249,200)
Deferred loss on refunding of bonds is not reported in the governmental funds.	243,400
Interest payable on long-term debt is not accrued in the governmental funds.	(8,625)
Unavailable revenue is reported as a deferred inflow in governmental funds but not in governmental activities.	399,816
Unamortized prepaid insurance relating to bonds is not reported in the governmental funds.	49,873
<u>Net position of governmental activities</u>	<u>\$ 100,368,612</u>

See accompanying notes.

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

Year ended September 30,

2013

	General Fund	Road and Bridge	Road Impact Fee Fund	EMS Fund	Sales Tax Revenue	Other Governmental Funds	Totals
Revenues							
Taxes	\$ 15,300,864	\$ 1,150,495	\$ -	\$ -	\$ -	\$ 170,648	\$ 16,622,007
Permits, fees and special assessments	159,385	4,500	128,902	2,627,479	-	1,933,518	4,853,784
Intergovernmental revenue	3,617,929	3,601,252	-	65,800	1,279,874	3,508,664	12,073,519
Charges for services	1,338,751	-	-	1,868,773	-	1,145,502	4,353,026
Fines and forfeitures	4,331	-	-	-	-	187,328	191,659
Miscellaneous revenue	473,576	1,162,101	1,511	39,354	48,193	439,513	2,164,248
Total revenues	20,894,836	5,918,348	130,413	4,601,406	1,328,067	7,385,173	40,258,243
Expenditures							
Current:							
General government	6,352,813	-	-	-	157,431	-	6,510,244
Public safety	10,391,681	-	-	4,335,897	-	2,882,461	17,610,039
Physical environment	505,000	-	-	-	-	120,769	625,769
Transportation	-	5,973,268	128,902	-	-	1,521,323	7,623,493
Economic environment	206,450	-	-	-	-	2,079,637	2,286,087
Human services	1,737,080	-	-	-	-	-	1,737,080
Culture and recreation	583,001	-	-	-	-	-	583,001
Court costs	408,481	-	-	-	-	1,057,236	1,465,717
Debt service:							
Principal	-	-	-	-	480,000	-	480,000
Interest	-	-	-	-	104,873	-	104,873
Total expenditures	20,184,506	5,973,268	128,902	4,335,897	742,304	7,661,426	39,026,303
Excess of revenues over (under) expenditures	710,330	(54,920)	1,511	265,509	585,763	(276,253)	1,231,940
Other financing sources (uses)							
Refunding bonds issued	-	-	-	-	5,655,000	-	5,655,000
Premium on refunding bonds	-	-	-	-	140,623	-	140,623
Payment to refunded bonds escrow agent	-	-	-	-	(5,627,740)	-	(5,627,740)
Transfers in	168,871	-	-	412,903	-	426,070	1,007,844
Transfers out	(638,973)	-	-	(200,000)	-	(168,871)	(1,007,844)
Total other financing sources (uses)	(470,102)	-	-	212,903	167,883	257,199	167,883
Net change in fund balances	240,228	(54,920)	1,511	478,412	753,646	(19,054)	1,399,823
Fund balances – beginning of year	4,432,957	1,802,474	36,836	483,632	6,933,494	6,446,153	20,135,546
Fund balances – end of year	\$ 4,673,185	\$ 1,747,554	\$ 38,347	\$ 962,044	\$ 7,687,140	\$ 6,427,099	\$ 21,535,369

See accompanying notes.

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

Year ended September 30,

2013

Net change in fund balances – total governmental funds \$ 1,399,823

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	3,233,371
Current year depreciation expense	(7,623,976)
Loss on asset disposal	(11,955)

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 position of governmental activities.

Debt issuance	(5,655,000)
Bond premium	(140,623)
Payment to refunding bonds escrow agent	5,627,740
Principal payments	480,000

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

(29,259)

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	(174,980)
Due to other governments - Medicaid obligation	198,694
Compensated absences	(20,200)
Interest on long-term debt	(1,455)
Writeoff of unamortized insurance on refunded bonds	(59,912)

Unamortized prepaid insurance relating to bonds is not reported in the governmental funds.

49,873

Change in net position of governmental activities \$ (2,727,859)

See accompanying notes.

Levy County, Florida

Statement of Net Position – Proprietary Funds

September 30,

2013

	Business-type Activities Enterprise Fund
	Landfill Fund
Current assets	
Cash and equivalents	\$ 104,384
Investments	14,926
Due from other funds	3,462
Due from other governments	12,298
Receivables	187,878
Total current assets	322,948
Noncurrent assets	
Restricted cash and equivalents	2,183,299
Restricted investments	385,615
Capital assets, net	4,211,656
Total noncurrent assets	6,780,570
Total assets	7,103,518
Current liabilities	
Accounts payable and accrued liabilities	70,079
Due to other funds	13,612
Current portion of long-term liabilities	407,240
Total current liabilities	490,931
Noncurrent liabilities	5,107,929
Total liabilities	5,598,860
Net position	
Investment in capital assets	4,211,656
Unrestricted	(2,706,998)
Total net position	\$ 1,504,658

See accompanying notes.

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds

<i>Year ended September 30,</i>	2013
	Business-type Activities
	<u>Enterprise Fund</u>
	Landfill Fund
Operating revenues	
User fees	\$ 1,363,186
Special assessments	484,106
Total operating revenues	1,847,292
Operating expenses	
Personal services	766,752
Operating expenses	1,067,832
Depreciation	159,599
Closure and long-term care costs	214,734
Total operating expenses	2,208,917
Operating loss	(361,625)
Nonoperating revenues	
Interest revenue	10,603
Grants	70,588
Total nonoperating revenues	81,191
Change in net position	(280,434)
Net position – beginning of year	1,785,092
Net position – end of year	\$ 1,504,658

See accompanying notes.

Levy County, Florida
Statement of Cash Flows
Proprietary Funds

Year ended September 30,

2013

	Business-type Activities Enterprise Fund	Landfill Fund
Cash flows from operating activities		
Receipts from customers	\$ 1,863,343	
Payments to suppliers		(1,057,520)
Payments to employees		(766,677)
Net cash provided by operating activities		39,146
Cash flows from noncapital financing activities		
Grants received		63,161
Cash flows from capital and related financing activities		
Acquisition of capital assets		(7,118)
Cash flows from investing activities		
Investment income		10,603
Acquisition of investments		(3,737)
Net cash provided by investing activities		6,866
Net increase in cash and equivalents		102,055
Cash and equivalents – beginning of year		2,200,554
Cash and equivalents – end of year	\$	2,302,609

A reconciliation of cash and equivalents per the statement of cash flows to the statement of net position is as follows:

Cash and equivalents	\$ 2,287,683
Investments	14,926
Total cash and equivalents per statement of cash flows	\$ 2,302,609

Reconciliation of operating loss to net cash provided by operating activities:

Operating loss	\$ (361,625)
Depreciation	159,599
Change in:	
Due from other funds	874
Due from other governments	42,469
Receivables	(27,292)
Accounts payable and accrued liabilities	8,522
Due to other funds	2,865
Compensated absences	(1,000)
Accrued closure and long-term care	214,734
Net cash provided by operating activities	\$ 39,146

See accompanying notes.

Levy County, Florida

Statement of Fiduciary Net Position
Agency Funds

<i>September 30,</i>	2013
Assets	
Cash and equivalents	\$ 1,486,531
Receivables	2,337
Total assets	1,488,868
Liabilities	
Assets held for others	1,488,868
Net position	\$ -

See accompanying notes.

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 2012-2013 fiscal year for the LCDA.

Related Organization – 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 \$54,800 to the Council from the General Fund.

Jointly Governed Organization – The governments of Putnam, Alachua and Levy Counties established the Putnam, Alachua, Levy Library Cooperative through an interlocal agreement. The Cooperative’s purpose is to provide for the coordination of library service throughout the region, to provide for equal access to free public library service to all residents of the region, and to formulate and implement consistent plans, programs, policies, and procedures in the operation, maintenance and development of library services throughout the region.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Cooperative is governed by a Board consisting of 8 members, 2 of which are appointed by each participating county with the remaining two appointed by the Alachua County Library District. A copy of the Cooperative's separate financial statements may be obtained from its website.

Joint Ventures – The County did not participate in any joint ventures during 2013.

Government-wide Financial Statements

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

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 public improvement revenue refunding bonds, series 2012.

The County reports the following major enterprise fund:

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

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. Nonoperating 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***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.

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 nonspendable 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 \$579,000. The allowance represents approximately 59% of gross ambulance service accounts receivable at September 30, 2013.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Deferred Outflows/Inflows of Resources

A *deferred outflow of resources* is a consumption of net assets that is applicable to a future reporting period.

A *deferred inflow of resources* is an acquisition of net assets that is applicable to a future reporting period.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

Restricted Net Position

In the accompanying statement of net position, *restricted net position* is 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 position includes approximately \$346,000 of net position 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.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

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, 2013 are comprised of the following:

State pool, Florida PRIME	\$ 50,104
State pool, fund B	43,476
Certificates of deposit	4,275,240
<hr/>	
Total	<u>\$ 4,368,820</u>

The County's investment in the State Pool exposes it to credit risk and interest rate risk. These risks 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 & Poors. The rating at September 30, 2013 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, 2013, was 44 days.

The weighted average life (WAL) of Fund B at September 30, 2013, was 4.04 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.

Notes to Financial Statements

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, 2013, was \$23,475 and is included in receivables in the SHIP Fund, (a nonmajor governmental fund). A balloon payment of \$22,860 is due on July 1, 2014.

NOTE 5 – FUND BALANCE CLASSIFICATIONS

Fund balance is *restricted* for the following purposes:

	General Fund	Road and Bridge	Road Impact Fee Fund	Other Governmental Funds	Total
Public safety	\$ -	\$ -	\$ -	\$ 452,637	\$ 452,637
Physical environment	9,615	-	-	-	9,615
Transportation	-	587,885	38,347	210,026	836,258
Economic environment	-	-	-	668,709	668,709
Culture and recreation	86,594	-	-	5,697	92,291
Court costs	3,209	-	-	2,505,047	2,508,256
Total restricted fund balance	\$ 99,418	\$ 587,885	\$ 38,347	\$ 3,842,116	\$ 4,567,766

Notes to Financial Statements

NOTE 5 – FUND BALANCE CLASSIFICATIONS (CONTINUED)

Fund balance is *assigned* for the following purposes:

	General Fund	Road and Bridge	EMS Fund	Sales Tax Revenue	Other Governmental Funds	Total
Public safety	\$ -	\$ -	\$ 962,044	\$ -	\$ 354,320	\$ 1,316,364
Physical environment	-	-	-	-	21,705	21,705
Transportation	-	1,159,669	-	-	1,083,080	2,242,749
Capital outlay	-	-	-	-	1,234,441	1,234,441
Debt service	-	-	-	7,687,140	-	7,687,140
Subsequent year's expenditures	3,850,000	-	-	-	-	3,850,000
Total assigned fund balance	\$ 3,850,000	\$ 1,159,669	\$ 962,044	\$ 7,687,140	\$ 2,693,546	\$ 16,352,399

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Governmental Funds

At September 30, 2013, General Fund payables consisted of 29% wages and benefits payable and 71% payable to vendors in the normal course of business.

The payables of the other 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, 2013, interfund balances consisted of:

	Due to					Total
	General Fund	Road and Bridge	EMS Fund	Other Governmental Funds	Proprietary	
Due from						
General Fund	\$ -	\$ 12,050	\$16,519	\$14,432	\$ 3,462	\$ 46,463
EMS Fund	406	31,078	-	-	-	31,484
Other Governmental Funds	192,868	45,680	-	15,010	-	253,558
Proprietary	-	13,612	-	-	-	13,612
Total	\$193,274	\$102,420	\$16,519	\$29,442	\$ 3,462	\$345,117

Notes to Financial Statements

NOTE 7 – INTERFUND BALANCES AND TRANSFERS (CONTINUED)

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 Fund	EMS Fund	Other Governmental	
Transfers in				
General Fund	\$ -	\$ -	\$ 168,871	\$ 168,871
EMS Fund	412,903	-	-	412,903
Other Governmental Funds	226,070	200,000	-	426,070
Total	\$ 638,973	\$ 200,000	\$ 168,871	\$ 1,007,844

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

NOTE 8 – DEFICIT FUND BALANCES

At September 30, 2013, the Neighborhood Stabilization Fund and Community Development Block Grant had deficit fund balances of \$95,806 and \$5,070, respectively.

Notes to Financial Statements

NOTE 9 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance October 1, 2012	Additions	Deductions	Balance September 30, 2013
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 5,011,623	\$ -	\$ -	\$ 5,011,623
Capital assets being depreciated:				
Buildings	20,022,528	-	-	20,022,528
Improvements	379,343	25,784	-	405,127
Equipment	17,995,162	1,636,489	315,014	19,316,637
Infrastructure	199,289,868	1,571,098	-	200,860,966
Total capital assets being depreciated	237,686,901	3,233,371	315,014	240,605,258
Less accumulated depreciation for:				
Buildings	6,741,370	400,715	-	7,142,085
Improvements	263,324	5,436	-	268,760
Equipment	13,050,220	1,250,029	303,059	13,997,190
Infrastructure	132,344,199	5,967,796	-	138,311,995
Total accumulated depreciation	152,399,113	7,623,976	303,059	159,720,030
Total capital assets being depreciated, net	85,287,788	(4,390,605)	11,955	80,885,228
Governmental activities capital assets, net	\$ 90,299,411	\$ (4,390,605)	\$ 11,955	\$ 85,896,851

Depreciation expense was charged to governmental activities as follows:

General government	\$ 477,514
Public safety	762,319
Physical environment	23,226
Transportation	6,323,633
Economic environment	1,041
Human services	14,932
Culture and recreation	20,324
Court related	987
Total	\$ 7,623,976

Levy County, Florida
Notes to Financial Statements

NOTE 9 – CHANGES IN CAPITAL ASSETS (CONTINUED)

Business-type activities	Balance October 1, 2012	Additions	Deductions	Balance September 30, 2013
Capital assets not being depreciated:				
Land	\$ 239,648	\$ -	\$ -	\$ 239,648
Capital assets being depreciated:				
Buildings	3,998,725	-	-	3,998,725
Equipment	2,232,193	7,118	-	2,239,311
Total capital assets being depreciated	6,230,918	7,118	-	6,238,036
Less accumulated depreciation for:				
Buildings	416,512	80,497	-	497,009
Equipment	1,689,917	79,102	-	1,769,019
Total accumulated depreciation	2,106,429	159,599	-	2,266,028
Total capital assets being depreciated, net	4,124,489	(152,481)	-	3,972,008
Business-type activities capital assets, net	\$ 4,364,137	\$ (152,481)	\$ -	\$ 4,211,656

NOTE 10 – LONG-TERM LIABILITIES

At September 30, 2013, the County's governmental activities long-term liabilities consisted of:

Public improvement revenue refunding bonds, series 2012	\$ 5,175,000
Bond premium	127,839
Other postemployment benefit obligation	815,202
Due to other governments - Medicaid obligation	380,831
Compensated absences	1,249,200
Total governmental activities long-term liabilities	\$ 7,748,072

Public Improvement Revenue Refunding Bonds, Series 2012

Levy County public improvement revenue refunding bonds, series 2012, dated November 14, 2012, were issued in the amount of \$5,655,000 to advance refund the County's outstanding public improvement revenue bonds, series 2003. The refunded bonds were called on September 1, 2013. The aggregate difference in debt service between the refunding and refunded debt was \$389,000, resulting in an economic gain of \$1.1 million.

Notes to Financial Statements

NOTE 10 – LONG-TERM LIABILITIES (CONTINUED)

Interest is payable semiannually on March 1 and September 1 at rates ranging from 2% to 3%. 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 Fund. The approximate amount of the pledge is equal to the remaining principal and interest of \$5,863,220. During 2013, \$1,279,874 of half-cent sales tax revenue was recognized and \$584,873 was paid for debt service.

Aggregate maturities of the bonds are as follows:

Year ending September 30,	Principal	Interest	Total
2014	\$ 470,000	\$ 116,248	\$ 586,248
2015	480,000	106,848	586,848
2016	490,000	97,248	587,248
2017	500,000	87,448	587,448
2018	505,000	77,448	582,448
2019-2023	2,730,000	202,980	2,932,980
Total	\$ 5,175,000	\$ 688,220	\$ 5,863,220

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. The balance due will be deducted by the State from the County's share of its revenue sharing proceeds. The County has agreed to three annual payments of \$99,347 in fiscal years 2014 - 2016 and a final annual payment of \$82,790 in 2017.

Business-Type Long Term Liabilities

At September 30, 2013, the County's business-type activities long-term liabilities consisted of:

Accrued landfill closure and long-term care costs	\$ 5,452,169
Compensated absences	63,000
Total business-type activities long-term liabilities	\$ 5,515,169

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.

Notes to Financial Statements

NOTE 10 – LONG-TERM LIABILITIES (CONTINUED)

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, 2013, the County has accrued \$352,240 for such estimated costs. This amount represents costs of \$315,874 for the Class III Landfill Trench 2 and \$36,366 for a waste tire facility. These closure costs have been accrued based on the following landfill capacities used to date:

Class III - trench 2	28%
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 \$5,099,929 for such estimated long-term care costs as of September 30, 2013.

The remaining estimated liability for closure and post closure costs is approximately \$1,273,148 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 \$1,106,263 to cover FDEP's landfill closure cost requirements as of September 30, 2013 and has escrowed \$1,462,651 for long-term care costs.

NOTE 11 – CHANGES IN LONG-TERM LIABILITIES

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

	Balance October 1, 2012	Additions	Deductions	Balance September 30, 2013	Due Within One Year
Bonds payable	\$ 5,360,000	\$ 5,655,000	\$ 5,840,000	\$ 5,175,000	\$ 470,000
Bond premium	-	140,623	12,784	127,839	-
Other postemployment benefit obligation	640,222	252,980	78,000	815,202	-
Due to other governments - Medicaid obligation	579,525	-	198,694	380,831	99,347
Compensated absences	1,229,000	1,174,900	1,154,700	1,249,200	468,200
Total	\$ 7,808,747	\$ 7,223,503	\$ 7,284,178	\$ 7,748,072	\$ 1,037,547

Notes to Financial Statements

NOTE 11 – CHANGES IN LONG-TERM LIABILITIES (CONTINUED)

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

	Balance October 1, 2012	Additions	Deductions	Balance September 30, 2013	Due Within One Year
Accrued landfill closure and long-term care costs	\$ 5,237,435	\$ 214,734	\$ -	\$ 5,452,169	\$ 352,240
Compensated absences	64,000	54,000	55,000	63,000	55,000
Total	\$ 5,301,435	\$ 268,734	\$ 55,000	\$ 5,515,169	\$ 407,240

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, 2013 were as follows: Regular Employees 6.95%; Special Risk Employees 19.06%; Senior Management 8.31%; Elected Officials 33.03%; DROP 12.84%. Employees are required to contribute 3%. 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, 2013, 2012 and 2011 were \$1,522,000, \$1,300,000 and \$2,149,500, respectively, equal to the required contributions for each year.

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.

Notes to Financial Statements

NOTE 13 – OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)

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, 2012, the date of the latest actuarial valuation, plan participation consisted of 255 active employees and 10 retirees receiving benefits. Of the active employees, approximately 234 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.

Annual required contribution	\$	239,000
Interest on net OPEB obligation		26,698
Adjustments to ARC		(43,000)
Annual OPEB cost (expense)		222,698
Contributions made		(55,000)
Increase in net OPEB obligation		167,698
Net OPEB obligation - beginning of year		608,302
Net OPEB obligation - end of year	\$	776,000

NOTE 13 – OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)

Trend Information:

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net OPEB Obligation
9/30/2011	\$ 231,000	\$ 49,000	21.2%	\$ 430,802
9/30/2012	239,500	62,000	25.9%	608,302
9/30/2013	222,698	55,000	24.6%	776,000

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	N/A

The actuarial assumptions are:

Discount rate	4.5%
Projected annual salaries increase	N/A
Inflation rate	3.5%
Mortality	RP-2000 Table; gender-specific
Healthcare cost trend rate	9% reduced 0.5% each year until reaching ultimate trend rate of 5.0%.

Funded Status and Funding Progress – The OPEB contributions made for the 2013 fiscal year were 24% of the annual OPEB cost. As of the actuarial valuation report dated October 1, 2012, the actuarial value of assets was \$0, the actuarial accrued liability for benefits was \$1.959 million, the unfunded actuarial accrued liability (UAAL) was also

NOTE 13 – OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)

\$1.959 million, the funded ratio was 0%, the covered payroll was \$8,425,281, and the UAAL as a percentage of covered payroll was 23%.

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 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.

Notes to Financial Statements

NOTE 13 – OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)

Annual required contribution	\$ 31,000
Interest on net OPEB obligation	1,277
Adjustments to ARC	(1,995)
Annual OPEB cost (expense)	30,282
Contributions made	(23,000)
Increase in net OPEB obligation	7,282
Net OPEB obligation - beginning of year	31,920
Net OPEB obligation - end of year	\$ 39,202

Trend Information:

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net OPEB Obligation
9/30/2011	\$ 21,920	\$ 14,000	63.9%	\$ 23,920
9/30/2012	31,000	23,000	74.1%	31,920
9/30/2013	30,282	23,000	75.9%	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

Notes to Financial Statements

NOTE 13 – OTHER POSTEMPLOYMENT BENEFIT PLANS (CONTINUED)

The actuarial assumptions are:

Investment rate of return	4.0%
Projected annual salaries increase	N/A
Healthcare cost trend rate	10% 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 2013 fiscal year were 76% 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 – CHANGE IN ACCOUNTING PRINCIPLE

In fiscal year 2013, the County implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As a result, previously reported unamortized bond issuance costs have been written off and beginning net position for governmental activities has been restated.

Net position - beginning of year, as previously reported	\$ 103,176,348
Change in accounting principle	(79,877)
Net position - beginning of year, as restated	\$ 103,096,471

NOTE 15 – 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.

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 16 – 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 17 – FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued statements that will become effective in subsequent fiscal years. The statements address:

- Accounting and financial reporting for pensions;
- Mergers, acquisitions and transfers of operations; and
- Financial guarantees.

The County is currently evaluating the effects that these statements will have on its financial statements for subsequent fiscal years.

Required Supplementary Information

Levy County, Florida

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund

Year ended September 30,

2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 15,757,479	\$ 15,757,479	\$ 15,300,864	\$ (456,615)
Permits, fees and special assessments	178,500	178,500	159,385	(19,115)
Intergovernmental	3,428,381	3,575,945	3,617,929	41,984
Charges for services	1,184,980	1,280,935	1,338,751	57,816
Fines and forfeitures	4,000	4,000	4,331	331
Miscellaneous	268,725	417,888	473,576	55,688
Total revenues	20,822,065	21,214,747	20,894,836	(319,911)
Expenditures				
Current:				
General government	6,996,590	7,710,015	6,352,813	1,357,202
Public safety	10,368,531	10,698,644	10,391,681	306,963
Physical environment	525,859	516,458	505,000	11,458
Economic environment	246,539	246,540	206,450	40,090
Human services	1,898,785	1,912,503	1,737,080	175,423
Culture and recreation	652,624	667,248	583,001	84,247
Court related	194,011	444,907	408,481	36,426
Reserve for contingencies	1,931,398	1,922,841	-	1,922,841
Total expenditures	22,814,337	24,119,156	20,184,506	3,934,650
Excess of revenues over (under) expenditures	(1,992,272)	(2,904,409)	710,330	3,614,739
Other financing sources (uses)				
Transfers in	258,686	309,405	168,871	(140,534)
Transfers out	(729,369)	(729,369)	(638,973)	90,396
Total other financing sources (uses)	(470,683)	(419,964)	(470,102)	(50,138)
Net change in fund balances	(2,462,955)	(3,324,373)	240,228	3,564,601
Fund balances – beginning of year	3,475,000	4,344,518	4,432,957	88,439
Fund balances – end of year	\$ 1,012,045	\$ 1,020,145	\$ 4,673,185	\$ 3,653,040

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.

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Road and Bridge Fund

Year ended September 30,

2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 1,245,100	\$ 1,245,100	\$ 1,150,495	\$ (94,605)
Permits, fees and special assessments	5,000	5,000	4,500	(500)
Intergovernmental	3,975,024	4,163,761	3,601,252	(562,509)
Miscellaneous	1,018,500	1,348,500	1,162,101	(186,399)
Total revenues	6,243,624	6,762,361	5,918,348	(844,013)
Expenditures				
Current:				
Transportation	7,531,443	8,226,718	5,973,268	2,253,450
Excess of revenues over (under) expenditures	(1,287,819)	(1,464,357)	(54,920)	1,409,437
Fund balances – beginning of year	1,600,000	1,802,474	1,802,474	-
Fund balances – end of year	\$ 312,181	\$ 338,117	\$ 1,747,554	\$ 1,409,437

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.

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Road Impact Fee Fund

Year ended September 30,

2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Permits, fees and special assessments	\$ 119,200	\$ 119,200	\$ 128,902	\$ 9,702
Miscellaneous	1,450	1,450	1,511	61
Total revenues	120,650	120,650	130,413	9,763
Expenditures				
Current:				
Transportation	1,094,616	1,094,616	128,902	965,714
Excess of revenues over (under) expenditures	(973,966)	(973,966)	1,511	975,477
Fund balances – beginning of year	980,000	980,000	36,836	(943,164)
Fund balances – end of year	\$ 6,034	\$ 6,034	\$ 38,347	\$ 32,313

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.

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – EMS Fund

<i>Year ended September 30,</i>		2013		
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Permits, fees and special assessments	\$2,630,910	\$2,630,910	\$ 2,627,479	\$ (3,431)
Intergovernmental revenue	8,048	72,501	65,800	(6,701)
Charges for services	1,837,500	1,837,500	1,868,773	31,273
Miscellaneous	1,000	1,000	39,354	38,354
Total revenues	4,477,458	4,541,911	4,601,406	59,495
Expenditures				
Current:				
Public safety	4,966,488	5,011,351	4,335,897	675,454
Excess of revenues over (under) expenditures	(489,030)	(469,440)	265,509	734,949
Other financing sources (uses)				
Transfers in	412,903	412,903	412,903	-
Transfers out	-	(200,000)	(200,000)	-
Total other financing sources (uses)	412,903	212,903	212,903	-
Net change in fund balances	(76,127)	(256,537)	478,412	734,949
Fund balances – beginning of year	300,000	483,632	483,632	-
Fund balances – end of year	\$ 223,873	\$ 227,095	\$ 962,044	\$ 734,949

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

Board of County Commissioners' Plan

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as % of Covered Payroll (B-A)/C
10/1/2012	\$ -	\$ 1,959,000	\$ 1,959,000	-	\$ 8,425,281	23.3%
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
9/30/2009	\$ 225,804	\$ 14,659	6.5%
9/30/2011	235,000	49,000	20.8%
9/30/2013	239,000	55,000	23.0%

Notes:

1. See Note 13 to the financial statements for detailed information on the Board's OPEB Plan.

Required Supplementary Information
Other Postemployment Benefits

Sheriff's Office Plan

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Plan Assets (A)	Actuarial Accrued Liability (AAL) Unit Cost (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percent of Covered Payroll (B-A)/C
10/1/2011	\$ -	\$ 244,000	\$ 244,000	0%	\$ 5,600,000	4.4%
10/1/2008	-	188,000	188,000	0%	6,000,000	3.1%

Schedule of Employer Contributions

Year Ended	Required Employer Contributions	Actual Contributions	Percentage Contributed
9/30/2009	\$ 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 13 to the financial statements for detailed information on the Sheriff's OPEB Plan.

Supplementary Information

Combining Balance Sheet – Nonmajor Governmental Funds

September 30,

2013

	Special Revenue Funds					
	E911	Inter-Governmental Communications	Court Facilities	Drug Task Force	MSTU	Fire Control
Assets						
Cash and equivalents	\$ 121,541	\$ 45,876	\$ 623,674	\$ 149,582	\$ 178,614	\$ 657,941
Investments	6,063	673	6,715	71	923	2,627
Due from other funds	-	1,125	4,123	1,167	669	13,460
Due from other governments	31,642	-	-	-	-	70
Receivables	-	-	-	-	-	-
Prepays	-	-	-	-	-	-
Total assets	\$ 159,246	\$ 47,674	\$ 634,512	\$ 150,820	\$ 180,206	\$ 674,098
Liabilities						
Accounts payable and accrued liabilities	\$ 16	\$ -	\$ 301	\$ -	\$ -	\$ 241,005
Due to other funds	-	-	-	108	1,132	8,432
Deposits	-	-	-	-	-	-
Unearned revenue	25,585	-	-	-	-	-
Total liabilities	25,601	-	301	108	1,132	249,437
Deferred inflows						
Unavailable revenue	12,556	-	-	-	-	-
Fund balances						
Nonspendable	-	-	-	-	-	-
Restricted	121,089	47,674	634,211	150,712	179,074	116,114
Assigned	-	-	-	-	-	308,547
Unassigned	-	-	-	-	-	-
Total fund balances	121,089	47,674	634,211	150,712	179,074	424,661
Total liabilities, deferred inflows and fund balances	\$ 159,246	\$ 47,674	\$ 634,512	\$ 150,820	\$ 180,206	\$ 674,098

Combining Balance Sheet – Nonmajor Governmental Funds

September 30,

2013

(continued)

Special Revenue Funds

	SHIP	Technology and Crime Prevention	Utilities	Progress Energy Grant	Judicial Grant	Tourist Develop- ment	Additional Court Costs
Assets							
Cash and equivalents	\$ 469,454	\$ 3,417	\$ 25,669	\$ 2,029	\$ 1,325,632	\$ 181,449	\$ 77,676
Investments	11,013	3,136	-	-	598	498	-
Due from other funds	-	4,454	-	-	-	-	2,464
Due from other governments	-	-	-	-	-	11,182	-
Receivables	23,475	-	7,410	-	-	1	-
Prepays	-	-	-	-	-	-	-
Total assets	\$ 503,942	\$ 11,007	\$ 33,079	\$ 2,029	\$ 1,326,230	\$ 193,130	\$ 80,140
Liabilities							
Accounts payable and accrued liabilities	\$ 67	\$ 10,127	\$ 2,240	\$ 2,029	\$ -	\$ 8,698	\$ 3,909
Due to other funds	3,853	-	676	-	-	207	-
Deposits	-	-	6,635	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	3,920	10,127	9,551	2,029	-	8,905	3,909
Deferred inflows							
Unavailable revenue	23,475	-	1,823	-	-	-	-
Fund balances							
Nonspendable	-	-	-	-	-	-	-
Restricted	476,547	880	-	-	1,326,230	184,225	76,231
Assigned	-	-	21,705	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	476,547	880	21,705	-	1,326,230	184,225	76,231
Total liabilities, deferred inflows and fund balances	\$ 503,942	\$ 11,007	\$ 33,079	\$ 2,029	\$ 1,326,230	\$ 193,130	\$ 80,140

Combining Balance Sheet – Nonmajor Governmental Funds

September 30,

2013

(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 & Forfeit- ures
Assets							
Cash and equivalents	\$ 1,012,118	\$ 55,693	\$ 183,646	\$ -	\$ -	\$ 456,430	\$ 111,007
Investments	6,147	-	-	-	-	3,388	-
Due from other funds	303	-	-	-	-	1,677	-
Due from other governments	167,946	-	-	95,806	94,223	-	66,387
Receivables	2,445	-	-	-	-	-	-
Prepays	250	-	-	-	-	-	-
Total assets	\$ 1,189,209	\$ 55,693	\$ 183,646	\$ 95,806	\$ 94,223	\$ 461,495	\$ 177,394
Liabilities							
Accounts payable and accrued liabilities	\$ 22,581	\$ -	\$ -	\$ -	\$ 5,070	\$ -	\$ 135,152
Due to other funds	35,354	-	-	95,806	89,153	-	17,447
Deposits	-	-	-	-	-	-	18,795
Unearned revenue	-	53,243	177,949	-	-	-	-
Total liabilities	57,935	53,243	177,949	95,806	94,223	-	171,394
Deferred inflows							
Unavailable revenue	16,992	-	-	95,806	5,070	-	-
Fund balances							
Nonspendable	250	-	-	-	-	-	-
Restricted	30,952	2,450	5,697	-	7,937	461,495	6,000
Assigned	1,083,080	-	-	-	-	-	-
Unassigned	-	-	-	(95,806)	(13,007)	-	-
Total fund balances	1,114,282	2,450	5,697	(95,806)	(5,070)	461,495	6,000
Total liabilities, deferred inflows and fund balances	\$ 1,189,209	\$ 55,693	\$ 183,646	\$ 95,806	\$ 94,223	\$ 461,495	\$ 177,394

Combining Balance Sheet – Nonmajor Governmental Funds

September 30,

2013

(concluded)

	Special Revenue Funds			Capital Projects Fund	Totals
	Sheriff Inmate Welfare	Sheriff Federal Forfeit- ures	Sheriff Donations Fund	Special Capital Improve- ments	
Assets					
Cash and equivalents	\$ 47,341	\$ 10,692	\$ 3,906	\$ 1,227,137	\$ 6,970,524
Investments	-	-	-	7,049	48,901
Due from other funds	-	-	-	-	29,442
Due from other governments	-	-	-	16,300	483,556
Receivables	-	-	-	-	33,331
Prepays	-	-	-	-	250
Total assets	\$ 47,341	\$ 10,692	\$ 3,906	\$ 1,250,486	\$ 7,566,004
Liabilities					
Accounts payable and accrued liabilities	\$ 178	\$ -	\$ -	\$ 1,869	\$ 433,242
Due to other funds	1,390	-	-	-	253,558
Deposits	-	-	-	-	25,430
Unearned revenue	-	-	-	-	256,777
Total liabilities	1,568	-	-	1,869	969,007
Deferred inflows					
Unavailable revenue	-	-	-	14,176	169,898
Fund balances					
Nonspendable	-	-	-	-	250
Restricted	-	10,692	3,906	-	3,842,116
Assigned	45,773	-	-	1,234,441	2,693,546
Unassigned	-	-	-	-	(108,813)
Total fund balances	45,773	10,692	3,906	1,234,441	6,427,099
Total liabilities, deferred inflows and fund balances	\$ 47,341	\$ 10,692	\$ 3,906	\$ 1,250,486	\$ 7,566,004

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

Year ended September 30,

2013

	Special Revenue Funds						
	E911	Inter-Governmental Communications	Court Facilities	Drug Task Force	MSTU	Fire Control	SHIP
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits, fees and special assessments	-	-	-	-	217,241	1,695,430	-
Intergovernmental revenue	170,201	-	-	-	-	-	375,000
Charges for services	-	-	70,549	750	-	-	-
Fines and forfeitures	-	18,795	-	36,671	-	-	-
Miscellaneous revenue	732	114	1,624	79	-	22,257	12,024
Total revenues	170,933	18,909	72,173	37,500	217,241	1,717,687	387,024
Expenditures							
Current:							
Public safety	92,614	50,263	-	30,461	-	1,601,573	-
Physical environment	-	-	-	-	-	-	-
Transportation	-	-	-	-	166,234	-	-
Economic environment	-	-	-	-	-	-	349,493
Court costs	-	-	40,348	-	-	-	-
Total expenditures	92,614	50,263	40,348	30,461	166,234	1,601,573	349,493
Excess of revenues over (under) expenditures	78,319	(31,354)	31,825	7,039	51,007	116,114	37,531
Other financing sources (uses)							
Transfers in	-	-	-	-	-	193,145	-
Transfers out	(168,871)	-	-	-	-	-	-
Total other financing sources (uses)	(168,871)	-	-	-	-	193,145	-
Net change in fund balances	(90,552)	(31,354)	31,825	7,039	51,007	309,259	37,531
Fund balances – beginning of year	211,641	79,028	602,386	143,673	128,067	115,402	439,016
Fund balances – end of year	\$ 121,089	\$ 47,674	\$ 634,211	\$ 150,712	\$ 179,074	\$ 424,661	\$ 476,547

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

Year ended September 30,

2013

(continued)

	Special Revenue Funds						
	Technology and Crime Prevention	Utilities	Progress Energy Grant	Judicial Grant	Tourist Development	Additional Court Costs	Public Transportation
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 170,648	\$ -	\$ -
Permits, fees and special assessments	-	-	-	-	-	-	-
Intergovernmental revenue	-	-	-	-	5,000	-	769,886
Charges for services	48,102	61,743	-	-	-	26,504	649,971
Fines and forfeitures	-	-	-	-	-	-	-
Miscellaneous revenue	460	12	124,432	2,063	287	-	60,860
Total revenues	48,562	61,755	124,432	2,063	175,935	26,504	1,480,717
Expenditures							
Current:							
Public safety	-	-	141,012	-	-	-	-
Physical environment	-	120,769	-	-	-	-	-
Transportation	-	-	-	-	-	-	1,355,089
Economic environment	-	-	-	-	170,068	-	-
Court costs	47,682	-	-	-	-	33,650	-
Total expenditures	47,682	120,769	141,012	-	170,068	33,650	1,355,089
Excess of revenues over (under) expenditures	880	(59,014)	(16,580)	2,063	5,867	(7,146)	125,628
Other financing sources (uses)							
Transfers in	-	32,925	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	32,925	-	-	-	-	-
Net change in fund balances	880	(26,089)	(16,580)	2,063	5,867	(7,146)	125,628
Fund balances – beginning of year	-	47,794	16,580	1,324,167	178,358	83,377	988,654
Fund balances – end of year	\$ 880	\$ 21,705	\$ -	\$ 1,326,230	\$ 184,225	\$ 76,231	\$ 1,114,282

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

Year ended September 30,

2013

(continued)

	Special Revenue Funds					
	EMS Impact Fee Fund	Parks Impact Fee Fund	Neighborhood Stabilization Program	Community Redevelopment Block Grant	Public Records Modernization Trust Fund	Clerk's Fine & Forfeiture
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits, fees and special assessments	20,847	-	-	-	-	-
Intergovernmental revenue	-	-	934,038	544,755	-	709,784
Charges for services	-	-	-	-	63,690	140,473
Fines and forfeitures	-	-	-	-	24,455	30,189
Miscellaneous revenue	117	266	-	-	559	903
Total revenues	20,964	266	934,038	544,755	88,704	881,349
Expenditures						
Current:						
Public safety	20,848	-	-	-	-	-
Physical environment	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Economic environment	-	-	1,023,258	536,818	-	-
Court costs	-	-	-	-	38,434	897,122
Total expenditures	20,848	-	1,023,258	536,818	38,434	897,122
Excess of revenues over (under) expenditures	116	266	(89,220)	7,937	50,270	(15,773)
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	116	266	(89,220)	7,937	50,270	(15,773)
Fund balances – beginning of year	2,334	5,431	(6,586)	(13,007)	411,225	21,773
Fund balances – end of year	\$ 2,450	\$ 5,697	\$ (95,806)	\$ (5,070)	\$ 461,495	\$ 6,000

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

Year ended September 30,

2013

(concluded)

	Special Revenue Funds			Capital Projects Fund	Totals
	Sheriff Inmate Welfare Fund	Sheriff Federal Forfeitures	Sheriff Donations Fund	Special Capital Improvements	
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 170,648
Permits, fees and special assessments	-	-	-	-	1,933,518
Intergovernmental revenue	-	-	-	-	3,508,664
Charges for services	83,720	-	-	-	1,145,502
Fines and forfeitures	-	77,218	-	-	187,328
Miscellaneous revenue	1,206	2,087	25	209,406	439,513
Total revenues	84,926	79,305	25	209,406	7,385,173
Expenditures					
Current:					
Public safety	79,733	134,123	-	731,834	2,882,461
Physical environment	-	-	-	-	120,769
Transportation	-	-	-	-	1,521,323
Economic environment	-	-	-	-	2,079,637
Court costs	-	-	-	-	1,057,236
Total expenditures	79,733	134,123	-	731,834	7,661,426
Excess of revenues over (under) expenditures	5,193	(54,818)	25	(522,428)	(276,253)
Other financing sources (uses)					
Transfers in	-	-	-	200,000	426,070
Transfers out	-	-	-	-	(168,871)
Total other financing sources (uses)	-	-	-	200,000	257,199
Net change in fund balances	5,193	(54,818)	25	(322,428)	(19,054)
Fund balances – beginning of year	40,580	65,510	3,881	1,556,869	6,446,153
Fund balances – end of year	\$ 45,773	\$ 10,692	\$ 3,906	\$ 1,234,441	\$ 6,427,099

Combining Statement of Fiduciary Net Position
Agency Funds

September 30,

2013

	Clerk of the Circuit Court	Sheriff	Tax Collector	Totals
Assets				
Cash and equivalents	\$ 301,401	\$ 3,202	\$ 1,181,928	\$ 1,486,531
Receivables	764	-	1,573	2,337
Total assets	302,165	3,202	1,183,501	1,488,868
Liabilities				
Assets held for others	302,165	3,202	1,183,501	1,488,868
Net position	\$ -	\$ -	\$ -	\$ -

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended September 30,

2013

Federal Grantor/ Pass Through Agency/ Program Title	CFDA Number	Contract/ Grant Number	Expendi- tures	Program Totals
Department of Agriculture and Consumer Services				
Passed Through State Forestry Service:				
Volunteer Fire Assistance - Fowler's Bluff	10.664	N/A	\$ 2,800	
Volunteer Fire Assistance - Rosewood	10.664	N/A	2,848	
Volunteer Fire Assistance - Morriston	10.664	N/A	5,678	
Volunteer Fire Assistance - Yankeetown	10.664	N/A	2,848	14,174
Department of Housing and Urban Development				
Passed Through Department of Economic Opportunity:				
Community Development Block Grant	14.228	11DB-C5-05-48-01-H-05	536,819	
Neighborhood Stabilization Program 3	14.228	12DB-Q5-05-48-01-F-05	1,023,258	1,560,077
Department of Justice				
Direct:				
Equitable Sharing Proceeds	16.922	N/A	134,123	
Passed Through Office of the Attorney General:				
VOCA	16.575	V12022	40,589	
Passed Through State Department of Law Enforcement:				
Byrne Memorial Justice Assistance - Anti-Drug Grant	16.738	2011-JAGC-LEVY-1-B2-051	2,997	
Byrne Memorial Justice Assistance - Anti-Drug Grant	16.738	2012-JAGC-LEVY-1-C4-217	6,597	
Byrne Memorial Justice Assistance - Anti-Drug Grant	16.738	2013-JAGC-LEVY-1-D7-210	47,459	
Direct:				
Edward Byrne Memorial JAG-Mobile Infrastructure Enhancement Plan	16.738	2012-DJ-BX-0980	10,518	67,571
Department of Transportation				
Passed Through State Department of Transportation:				
(Section 5311) - Formula Grants for Other than Urbanized Areas	20.509	AQT11	166,135	
(Section 5310) - Capital Assistance Program for Elderly Persons and Persons with Disabilities (Noncash Assistance)				
(Section 5316) - Job Access - Reverse Commute - Operating	20.513	NOGA	56,113	
(Section 5316) - Job Access - Reverse Commute - Operating	20.516	AQP16	57,868	
(Section 5316) - Job Access - Reverse Commute - Operating	20.516	AQP17	43,749	
(Section 5317) - New Freedom Program	20.521	AQP18	16,992	
(Section 5317) - New Freedom Program	20.521	APY94	13,862	
Transit Services Program Cluster				188,584
Department of Health and Human Services				
Passed Through Department of Revenue:				
Child Support Enforcement Title IV - D	93.563	CD-338	56,541	
Department of Homeland Security				
Passed Through Department of Economic Opportunity				
Emergency Management Performance Grant	97.042	13-FG-86-05-48-01-105	57,964	
Emergency Management Performance Grant	97.042	14-FG-1M-05-48-01-105	8,067	66,031
Homeland Security Grant	97.067	12-DS-20-05-48-01-413	10,000	
Total expenditures of federal awards			\$ 2,303,825	

(Continued)

Schedule of Expenditures of Federal Awards and State Financial Assistance

Year ended September 30,	2013			
State Agency/Project Title	CSFA Number	Contract/ Grant Number	Expendi- tures	Project Totals
Executive Office of the Governor				
Emergency Management Programs	31.063	13-BG-83-09-48-01-038	\$ 74,329	
Emergency Management Programs	31.063	14-BG-83-09-48-01-038	23,531	\$ 97,860
Department of Environmental Protection				
Small County Consolidated Grants	37.012	321SC	70,588	
Department of Agriculture and Consumer Services				
Bureau of Entomology and Pest Control				
Mosquito Control State Aid	42.003	LEVY	18,415	
Department of State, Secretary of State				
State Aid to Libraries	45.030	12-ST-51	102	
State Aid to Libraries	45.030	13-ST-52	92,665	92,767
Florida Housing Finance Corporation				
State Housing Initiatives Partnership Program	52.901	2009-2010	69,329	
State Housing Initiatives Partnership Program	52.901	2011-2012	274,536	
State Housing Initiatives Partnership Program	52.901	2012-2013	4,405	
State Housing Initiatives Partnership Program	52.901	2013-2014	1,223	349,493
Department of Transportation				
Commission for the Transportation Disadvantaged (CTD)				
Trip/Equipment Grant (Noncash Assistance)	55.001	NOGA	7,014	
Trip/Equipment Grant	55.001	AR193	90,392	
Trip/Equipment Grant	55.001	AQO15	231,801	
Trip/Equipment Grant	55.001	AQU18	58,298	387,505
Aviation Development Grants	55.004	AQW06	5,398	
Aviation Development Grants	55.004	AR493	146,486	151,884
Small County Road Assistance Program	55.016	430730-1-58-01	970,147	
Department of Health				
Emergency Medical Services	64.003	M1061	4,519	
Emergency Medical Services	64.003	M2026	58,024	62,543
Emergency Medical Services County Grant	64.005	C0038	193	
Emergency Medical Services County Grant	64.005	C1038	5,746	5,939
Department of Management Services				
Enhanced 911 Emergency Telephone System	72.001	12-04-09	27,923	
Enhanced 911 Emergency Telephone System	72.001	12-04-35	29,816	
Enhanced 911 Emergency Telephone System	72.001	12-04-37	34,875	92,614
Total expenditures of state financial assistance			\$ 2,299,755	

The accompanying notes are an integral part of this schedule.

Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance

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.

NOTE 2 – 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 3 – SUBRECIPIENTS

The County passed through a federal award to the Levy County Housing Authority in the form of noncash assistance totaling \$1,008,681 under CFDA 14.228, Neighborhood Stabilization Program 3.

The County did not provide 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, 2013, and have issued our report thereon dated June 23, 2014.

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 and Questioned Costs that accompanies this letter.

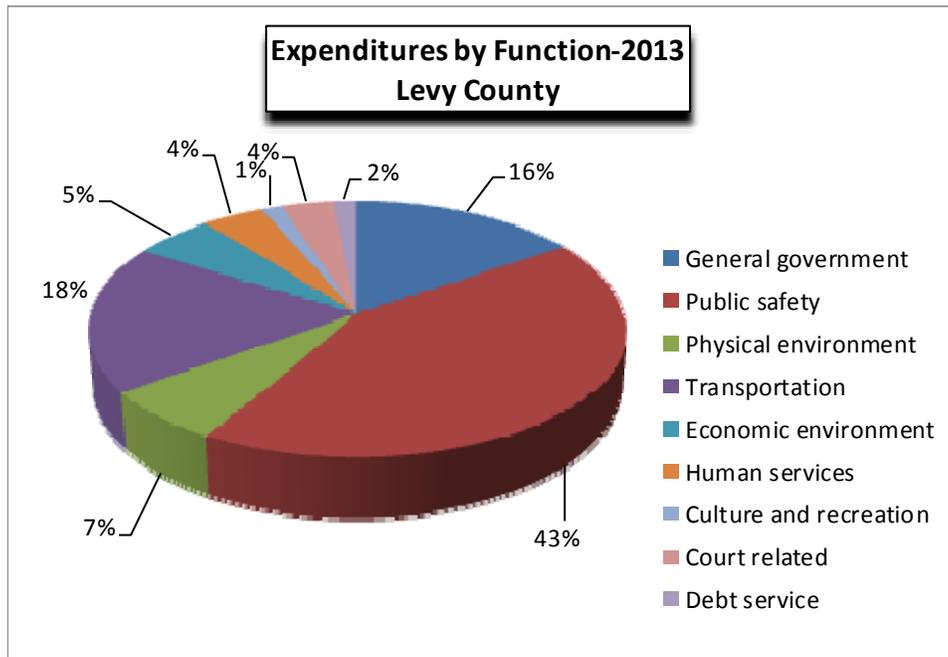
Financial Condition

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.

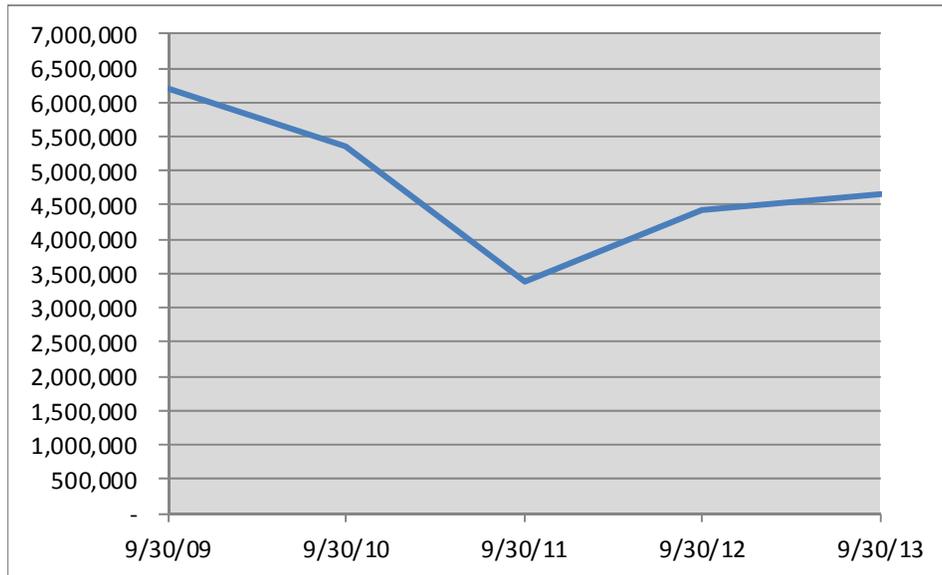
Also, as required by the Rules of the Auditor General, we applied financial condition assessment procedures, as of the end of the fiscal year, pursuant to Rule 10.556(7). It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations 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>	2013 Amount	<u>% of Total Expenditures</u>		
		2013	2012	2011
General government	\$ 6,510,244	15.8%	16.9%	16.8%
Public safety	17,610,039	42.7%	43.1%	41.4%
Physical environment	2,834,686	6.9%	7.3%	6.7%
Transportation	7,623,493	18.5%	20.1%	21.5%
Economic environment	2,286,087	5.5%	1.8%	1.4%
Human services	1,737,080	4.2%	3.4%	3.7%
Culture and recreation	583,001	1.4%	1.5%	1.6%
Court related	1,465,717	3.6%	4.1%	4.7%
Capital outlay	-	0.0%	0.0%	0.2%
Debt service	584,873	1.4%	1.8%	1.8%
Total	\$41,235,220			



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



Total fund balance increased approximately 5% in the last year. As of September 30, 2013, the total fund balance was \$4,673,000, which is approximately 24% 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, 2013, 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, 2013.

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.

This management letter is intended solely for the information and use of the County and 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.

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.

Carly Riggs & Ingram, L.L.C.

Gainesville, Florida
June 23, 2014

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

The Honorable County Commissioners
Levy County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 23, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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*.

County's Response to Finding

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

Purpose of this Report

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

Carri Riggs & Ingram, L.L.C.

Gainesville, Florida
June 23, 2014

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

The Honorable County Commissioners
Levy County, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited the compliance of Levy County, Florida (the "County") with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on the County's major federal program and each of its major state projects for the year ended September 30, 2013. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the County's major federal program and each of its major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 on compliance for the major federal program and each major state project. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the County complied, in all material respects, with the types of 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, 2013.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program and each major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and each major state project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control 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. 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2013-002 that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in its accompanying letter of response. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

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

Gainesville, Florida
June 23, 2014

Schedule of Findings and Questioned Costs

SECTION I – SUMMARY OF AUDITOR’S RESULTS

- (i) The independent auditor’s report on the financial statements expressed an unmodified 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 a significant deficiency in internal control over a major state project. The deficiency was not considered to be a material weakness.
- (v) The report on compliance with requirements applicable to the major federal program and each state project expressed an unmodified opinion.
- (vi) The audit disclosed a finding relative to 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>
Community Development Block Grants	14.228
<u>STATE PROJECTS</u>	<u>CSFA Number</u>
State Housing Initiatives Partnership	52.901
Trip/Equipment Grant	55.001
Small County Road Assistance Program	55.016

- (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.

Schedule of Findings and Questioned Costs

SECTION II – FINANCIAL STATEMENT FINDINGS

2013-001 (Reported in previous audit reports as items 12-1 and 11-1.)

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

There were no findings relative to federal programs.

SECTION IV – FINDINGS AND QUESTIONED COSTS – STATE PROJECTS

2013-002 (Reported in previous audit reports as items 12-2 and 11-3.)

CSFA 55.001

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.

--

Recommendation – The County obtained the services of a consultant during the year ended September 30, 2013 to develop a method of allocating costs among its various transit grants; however, the County did not receive the results of the study until after year-end and consequently, the allocation plan was not implemented as of September 30, 2013.

Summary Schedule of Prior Audit Findings
(Relative to Federal Awards and State Projects)

12-2 **CFDA 93.778, CSFA 55.001**

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.

Current Status – The County obtained the services of a consultant during fiscal year 2013 to develop a method of allocating costs among its various transit grants and has implemented it effective October 1, 2013.



P. O. Drawer 610 • 355 South Court Street
Bronson, Florida 32621-0610 • Phone: (352) 486-5266

Danny J. Shipp
Clerk Of Court, Levy County



June 23, 2014

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 2012-2013 as prepared by our auditors Carr, Riggs and Ingram, LLC.

- 13-001 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.
- 13-002 The county contracted with a consultant group in 2013 but they were unable to provide the methodology within the time frame needed. Subsequently, a plan has been submitted we believe will eliminate this finding in 2014.

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, 2013

	<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 Position	5
Notes to Financial Statements	6
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	13
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Fine and Forfeiture Fund	14
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Records Modernization Trust Fund	15
Supplementary Information	
Combining Statement of Fiduciary Net Position – Agency Funds	16
Additional Elements Required by the Rules of the Auditor General	
Management Letter	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19
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

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the office of the Levy County Clerk of the Circuit Court (the "Office") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Office's special purpose financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the 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 as of September 30, 2013, and the respective changes in financial position, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note 1 to the financial statements, which describes that the accompanying financial statements were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are special purpose financial statements that do not constitute a complete presentation, but otherwise constitute financial statements prepared in accordance with generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Office's 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2014, on our consideration of the Office'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Office's internal control over financial reporting and compliance.

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

Gainesville, Florida
June 4, 2014

Levy County Clerk of the Circuit Court

Balance Sheet – Governmental Funds

September 30,

2013

	General Fund	Fine and Forfeiture Fund	Records Modernization Trust Fund	Total Governmental Funds
Assets				
Cash and equivalents	\$ 69,754	\$ 110,018	\$ 445,233	\$ 625,005
Investments	1,636	-	3,388	5,024
Due from other funds	14,076	1,019	12,874	27,969
Due from other governments	20,474	66,387	-	86,861
Due from other county agencies	476	-	-	476
Accounts receivable	87	-	-	87
Total assets	\$ 106,503	\$ 177,424	\$ 461,495	\$ 745,422
Liabilities and fund balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 41,069	\$ 135,152	\$ -	\$ 176,221
Due to other funds	143	2,565	-	2,708
Due to other county agencies	65,291	14,912	-	80,203
Deposits	-	18,795	-	18,795
Total liabilities	106,503	171,424	-	277,927
Fund balances:				
Restricted	-	6,000	461,495	467,495
Total liabilities and fund balances	\$ 106,503	\$ 177,424	\$ 461,495	\$ 745,422

See accompanying notes.

Levy County Clerk of the Circuit Court

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

Year ended September 30,

2013

	General Fund	Fine and Forfeiture Fund	Records Modernization Trust Fund	Total Governmental Funds
Revenues				
Intergovernmental revenues	\$ 56,941	\$ 912,094	\$ -	\$ 969,035
Charges for services	147,885	140,473	63,690	352,048
Fines and forfeitures	-	30,189	24,455	54,644
Miscellaneous revenue	1,501	903	559	2,963
Total revenues	206,327	1,083,659	88,704	1,378,690
Expenditures				
Current:				
General government services	719,009	-	-	719,009
Court related	46,570	897,122	38,434	982,126
Total expenditures	765,579	897,122	38,434	1,701,135
Excess of revenues over (under) expenditures	(559,252)	186,537	50,270	(322,445)
Other financing sources (uses)				
Appropriation from board of county commissioners	624,464	-	-	624,464
Reversion to board of county commissioners	(65,212)	-	-	(65,212)
Reversion to clerks of court operations corporation	-	(202,310)	-	(202,310)
Total other financing sources (uses)	559,252	(202,310)	-	356,942
Net change in fund balances	-	(15,773)	50,270	34,497
Fund balances - October 1, 2012	-	21,773	411,225	432,998
Fund balances - September 30, 2013	\$ -	\$ 6,000	\$ 461,495	\$ 467,495

See accompanying notes.

Levy County Clerk of the Circuit Court

Statement of Fiduciary Net Position

<i>September 30,</i>	2013
	Agency Funds
<hr/>	
Assets	
Cash and equivalents	\$ 331,086
Due from other funds	173
Accounts receivable	764
<hr/>	
Total assets	332,023
<hr/>	
Liabilities	
Assets held for others	302,165
Due to other funds	25,434
Due to other county agencies	4,424
<hr/>	
Total liabilities	332,023
<hr/>	
Net position	\$ -
<hr/> <hr/>	

See accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the office 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, which is the primary government for financial reporting purposes.

Basis of Presentation

The Office’s financial statements are special purpose financial statements that have been prepared solely 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 required by generally accepted accounting principles. However, these fund financial statements do not constitute a complete presentation because, 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 single column.

The Office 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.

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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Office also reports the following 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.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Chief Financial Officer eligible collateral equal to, or in excess of, an amount to be determined by the Chief Financial Officer. The Chief Financial Officer is required to ensure that all funds are entirely insured or collateralized throughout the fiscal year.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment 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

	Fine and Forfeiture Fund	Records Modernization Fund	Total
Restricted for:			
Court operations	\$ 6,000	\$ 69,990	\$ 75,990
Court technology	-	231,351	231,351
Records modernization	-	160,154	160,154
Total fund balances	\$ 6,000	\$ 461,495	\$ 467,495

NOTE 3 – INVESTMENTS

Investment in State Pool

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

General Fund	\$ 1,636
Records Modernization Trust Fund	3,388
<hr/>	
Total	<u>\$ 5,024</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, 2013 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 44 days at September 30, 2013.

The weighted average life (WAL) of Fund B at September 30, 2013 was 4.04 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.

Levy County Clerk of the Circuit Court

Notes to Financial Statements

NOTE 4 – INTERFUND BALANCES

At September 30, 2013, interfund balances consisted of:

	Due from Other Funds	Due to Other Funds
General fund	\$ 14,076	\$ 143
Fine and forfeiture fund	1,019	2,565
Records modernization trust	12,874	-
Agency funds:		
Domestic relations	-	1,747
Registry	-	5,710
General trust	173	17,887
Jury and witness	-	90
Totals	\$ 28,142	\$ 28,142

NOTE 5 – CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Balance October 1, 2012	Additions	Deductions	Balance September 30, 2013	Due Within One Year
Compensated absences	\$101,000	\$99,000	\$ 98,000	\$ 102,000	\$40,000

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, 2013 were as follows: Regular Employees 6.95%; Special Risk Employees 19.06%; Senior Management 18.31%; Elected Officials 33.03%; DROP 12.84%. Employees are required to contribute 3%. 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, 2013, 2012 and 2011 were approximately \$77,000, \$60,000 and \$110,000, respectively, equal to the required contributions for each year.

NOTE 7 – 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

Levy County Clerk of the Circuit Court

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund

<i>Year ended September 30,</i>				2013
	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 60,000	\$ 60,000	\$ 56,941	\$ (3,059)
Charges for services	102,764	133,719	147,885	14,166
Miscellaneous revenue	25	1,025	1,501	476
Total revenues	162,789	194,744	206,327	11,583
Expenditures				
Current:				
General government services	750,563	750,568	719,009	31,559
Court related	51,200	68,640	46,570	22,070
Total expenditures	801,763	819,208	765,579	53,629
Excess of revenues over (under) expenditures	(638,974)	(624,464)	(559,252)	65,212
Other financing sources (uses)				
Appropriation from board of county commissioners	638,974	624,464	624,464	-
Reversion to board of county commissioners	-	-	(65,212)	(65,212)
Total other financing sources (uses)	638,974	624,464	559,252	(65,212)
Net change in fund balances	-	-	-	-
Fund balances - October 1, 2012	-	-	-	-
Fund balances - September 30, 2013	\$ -	\$ -	\$ -	\$ -

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.

Levy County Clerk of the Circuit Court

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Fine and Forfeiture Fund

<i>Year ended September 30,</i>				2013
	Budgeted Amounts			Variance
	Original	Final	Actual	With Final Budget
Revenues				
Intergovernmental revenues	\$ 1,044,527	\$ 1,044,527	\$ 912,094	\$ (132,433)
Charges for services	-	-	140,473	140,473
Fines and forfeitures	-	-	30,189	30,189
Miscellaneous revenue	-	-	903	903
Total revenues	1,044,527	1,044,527	1,083,659	39,132
Expenditures				
Current:				
Court related	1,044,527	1,044,527	897,122	147,405
Excess of revenues over expenditures	-	-	186,537	186,537
Other financing uses				
Reversion to clerks of court operations corporation	-	-	(202,310)	(202,310)
Net change in fund balances	-	-	(15,773)	(15,773)
Fund balances - October 1, 2012	-	-	21,773	21,773
Fund balances - September 30, 2013	\$ -	\$ -	\$ 6,000	\$ 6,000

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 2013 fiscal year and three months of activity from the State's 2014 fiscal year. The fund is the legal level of control.

Levy County Clerk of the Circuit Court

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – Records Modernization Trust Fund

<i>Year ended September 30,</i>	2013			
	Budgeted Amounts			Variance
	Original	Final	Actual	With Final Budget
Revenues				
Charges for services	\$ 61,000	\$ 61,000	\$ 63,690	\$ 2,690
Fines and forfeitures	38,800	38,800	24,455	(14,345)
Miscellaneous revenue	700	700	559	(141)
Total revenues	100,500	100,500	88,704	(11,796)
Expenditures				
Current:				
General government services	101,500	101,500	-	101,500
Court related	210,185	210,185	38,434	171,751
Total expenditures	311,685	311,685	38,434	273,251
Excess of revenues over (under) expenditures	(211,185)	(211,185)	50,270	261,455
Fund balances - October 1, 2012	215,300	215,300	411,225	195,925
Fund balances - September 30, 2013	\$ 4,115	\$ 4,115	\$461,495	\$ 457,380

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

Levy County Clerk of the Circuit Court

Combining Statement of Fiduciary Net Position
Agency Funds

<i>September 30,</i>	2013					
	Domestic Relations Fund	Registry of the Court	General Trust Fund	Jury and Witness Fund	Cash Bond Fund	Total Agency Funds
Assets						
Cash and equivalents	\$ 1,867	\$ 266,584	\$ 47,382	\$ 6,589	\$ 8,664	\$ 331,086
Due from other funds	-	-	173	-	-	173
Accounts receivable	-	-	764	-	-	764
Total assets	1,867	266,584	48,319	6,589	8,664	332,023
Liabilities						
Assets held for others	120	260,874	26,008	6,499	8,664	302,165
Due to other funds	1,747	5,710	17,887	90	-	25,434
Due to other county agencies	-	-	4,424	-	-	4,424
Total liabilities	1,867	266,584	48,319	6,589	8,664	332,023
Net position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**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 office of the Levy County Clerk of the Circuit Court (the "Office"), as of and for the year ended September 30, 2013, and have issued our report thereon dated June 4, 2014. 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 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 workload performance standards developed and certified pursuant to Section 28.35, Florida Statutes, except as reported in the schedule of findings as item 2013-002.

Other Matters

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

The purpose of this management letter is solely to comply with the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this communication is not suitable for any other purpose.

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.

Cam, Riggs & Ingram, L.L.C.

Gainesville, Florida
June 4, 2014

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the office of the Levy County Clerk of the Circuit Court (the "Office"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Office's special purpose financial statements, and have issued our report thereon dated June 4, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings as item 2013-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office's financial statements are free from 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 had reported to management in the accompanying schedule of findings as item 2013-002.

The Office's Response to Findings

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

Purpose of this Report

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

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

Gainesville, Florida
June 4, 2014

Levy County Clerk of the Circuit Court

Schedule of Findings

2013-001 (Reported in the preceding audit reports as findings 12-1 and 11-1.)

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.

2013-002 *Condition* – The standard for Timeliness Measures #1 for Civil County Cases was not met for the state fiscal year ending June 30, 2013, and collections for Civil Traffic were reported incorrectly to the Clerk of Court Operations Corporation for the quarter ended September 30, 2012.

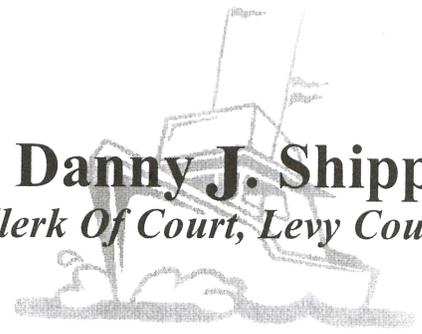
Recommendation – The Office should continue to pursue the goal of meeting its performance standards given the Office's available resources and ensuring all reports are in agreement with the underlying records.



355 South Court Street • Bronson, Florida 32621-6520

Phone: (352) 486-5266

Danny J. Shipp
Clerk Of Court, Levy County



June 4, 2014

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 12-13 Fiscal Year audited by Carr, Riggs and Ingram, LLC.

2013-1 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.

2013-2 Condition – The standard for Timeliness Measures #1 for Civil County Cases was not met for the state fiscal year ending June 30, 2013.

Response –Timeliness Measure #1 for Civil County Cases was not met due to a staffing shortage. We now have a full staff in the Civil Department.

Collections for Civil Traffic were reported incorrectly to the Clerk of court Operations Corporation for the Quarter ended September 30, 2012.

Response - CCOC has been notified of the error and of the correct percentage for that quarter.

Sincerely,

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

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

Levy County Sheriff

Audit Report

September 30, 2013

	<u>Page</u>
Independent Auditor's Report	1
Special Purpose Financial Statements	
Governmental Funds:	
Balance Sheet	4
Statement of Revenues, Expenditures and Changes in Fund Balances	5
Fiduciary Funds:	
Statement of Fiduciary Net Position	6
Notes to Financial Statements	7
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General 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 Position – Agency Funds	15
Additional Elements Required by the Rules of the Auditor General	
Management Letter	16
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17
Schedule of Findings	19
Elected Official's Response to Auditor's Comments	--



Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

INDEPENDENT AUDITOR'S REPORT

The Honorable Robert B. McCallum
Sheriff
Levy County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the office of the Levy County Sheriff (the "Office") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Office's special purpose financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the 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 as of September 30, 2013, and the respective changes in financial position, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note 1 to the financial statements, which describes that the accompanying financial statements were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are special purpose financial statements that do not constitute a complete presentation, but otherwise constitute financial statements prepared in accordance with generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information for the General Fund 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.

Management has omitted the budgetary comparison information for the Inmate Welfare Fund that accounting principles generally accepted in the United States of America require to be presented to supplement the special purpose financial statements. Such missing 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. Our opinions on the special purpose financial statements are not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Office's 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2014, on our consideration of the Office'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Office's internal control over financial reporting and compliance.

Carri Riggs & Ingram, L.L.C.

Gainesville, Florida

May 27, 2014

Balance Sheet – Governmental Funds

September 30,

2013

	General Fund	Inmate Welfare Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and equivalents	\$314,164	\$ 47,233	\$ 14,598	\$ 375,995
Due from other funds	-	108	-	108
Due from other county agencies	19,699	-	-	19,699
Due from other governments	3,847	-	-	3,847
Accounts receivable	4,482	-	-	4,482
Total assets	\$342,192	\$ 47,341	\$ 14,598	\$ 404,131
Liabilities and fund balances				
Liabilities:				
Accounts payable and accrued liabilities	\$340,907	\$ 178	\$ -	\$ 341,085
Due to other county agencies	1,285	1,390	-	2,675
Total liabilities	342,192	1,568	-	343,760
Fund balances:				
Restricted:				
Federal shared funds	-	-	10,692	10,692
Charitable purposes	-	-	3,906	3,906
Assigned:				
Benefit of inmates	-	45,773	-	45,773
Total fund balances	-	45,773	14,598	60,371
Total liabilities and fund balances	\$342,192	\$ 47,341	\$ 14,598	\$ 404,131

See accompanying notes.

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

Year ended September 30,

2013

	General Fund	Inmate Welfare Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Charges for services	\$ -	\$ 83,720	\$ -	\$ 83,720
Fines and forfeitures	-	-	77,218	77,218
Miscellaneous revenue	1,163	1,206	2,112	4,481
Total revenues	1,163	84,926	79,330	165,419
Expenditures				
Current:				
Public safety	9,415,758	79,733	134,123	9,629,614
Court related	166,483	-	-	166,483
Total expenditures	9,582,241	79,733	134,123	9,796,097
Excess of revenues over (under) expenditures	(9,581,078)	5,193	(54,793)	(9,630,678)
Other financing sources (uses)				
Appropriation from board of county commissioners	9,581,849	-	-	9,581,849
Reversion to board of county commissioners	(771)	-	-	(771)
Total other financing sources (uses)	9,581,078	-	-	9,581,078
Net change in fund balances	-	5,193	(54,793)	(49,600)
Fund balances - October 1, 2012	-	40,580	69,391	109,971
Fund balances - September 30, 2013	\$ -	\$ 45,773	\$ 14,598	60,371

See accompanying notes.

Levy County Sheriff

Statement of Fiduciary Net Position

<i>September 30,</i>	2013
	Agency Funds
Assets	
Cash and equivalents	\$ 18,197
Liabilities	
Assets held for others	3,202
Due to other funds	108
Due to other county agencies	14,887
Total liabilities	18,197
Net position	\$ -

See accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the office 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, which is the primary government for financial reporting purposes.

Basis of Presentation

The Office’s financial statements are special purpose financial statements that have been prepared solely 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 required by generally accepted accounting principles. However, these fund financial statements do not constitute a complete presentation because, 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 single column.

The Office 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.

Inmate Welfare Fund – This fund accounts for and reports revenues and expenditures of the jail commissary.

The Office also reports the following fiduciary funds:

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Chief Financial Officer eligible collateral equal to, or in excess of, an amount to be determined by the Chief Financial Officer. The Chief Financial Officer 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

NOTE 2 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance October 1, 2012	Increases	Decreases	Balance September 30, 2013
Capital assets, being depreciated:				
Tangible personal property	\$ 5,511,505	\$ 229,369	\$ 151,782	\$ 5,589,092
Improvements	25,784	-	-	25,784
Total capital assets, being depreciated	5,537,289	229,369	151,782	5,614,876
Less accumulated depreciation for:				
Tangible personal property	3,959,278	513,217	148,963	4,323,532
Improvements	13,515	1,289	-	14,804
Total accumulated depreciation	3,972,793	514,506	148,963	4,338,336
Total capital assets, being depreciated, net	\$ 1,564,496	\$ (285,137)	\$ 2,819	\$ 1,276,540

Depreciation expense of \$514,506 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, 2012	Additions	Deductions	Balance September 30, 2013	Due Within One Year
Compensated absences	\$ 594,000	\$ 332,000	\$ 329,000	\$ 597,000	\$ 183,000

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

NOTE 4 – PENSION PLAN (CONTINUED)

Funding Policy. The Office is required to contribute at an actuarially determined rate. The employer contribution rates at September 30, 2013 were as follows: Regular Employees 6.95%; Special Risk Employees 19.06%; Senior Management 18.31%; Elected Officials 33.03%; DROP 12.84%. Employees are required to contribute 3%. 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, 2013, 2012 and 2011 were \$735,000, \$662,000 and \$1,050,200, respectively, equal to the required contributions for each year.

NOTE 5 – INTERFUND BALANCES

	Due from Other Funds	Due to Other Funds
Inmate welfare fund	\$ 108	\$ -
Agency funds:		
Inmate trust fund	-	108
Totals	\$ 108	\$ 108

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.

NOTE 7 – SUBSEQUENT EVENTS

During fiscal year 2013, the Office was the subject of a Department of Labor wage and hour audit. As a result of the audit, the Office had to pay approximately \$11,000 to current and former employees for previously unpaid overtime. The Office made the payments in November, 2013.

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund

Year ended September 30,

2013

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Miscellaneous revenue	\$ -	\$ 1,163	\$ 1,163	\$ -
Expenditures				
Current:				
Public safety	9,350,000	9,416,529	9,415,758	771
Court related	-	166,483	166,483	-
Total expenditures	9,350,000	9,583,012	9,582,241	771
Excess of revenues over (under) expenditures	(9,350,000)	(9,581,849)	(9,581,078)	771
Other financing sources (uses)				
Appropriation from board of county commissioners	9,350,000	9,581,849	9,581,849	-
Reversion to board of county commissioners	-	-	(771)	(771)
Total other financing sources (uses)	9,350,000	9,581,849	9,581,078	(771)
Net change in fund balances	-	-	-	-
Fund balances - October 1, 2012	-	-	-	-
Fund balances - September 30, 2013	\$ -	\$ -	\$ -	\$ -

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 Balance Sheet - Nonmajor Governmental Funds

September 30,

2013

	Federal Forfeiture Fund	Donations Fund	Total Nonmajor Governmental Funds
Assets			
Cash and equivalents	\$ 10,692	\$ 3,906	\$ 14,598
Liabilities and fund balances			
Liabilities	\$ -	\$ -	\$ -
Fund balances:			
Restricted:			
Federal shared funds	10,692	-	10,692
Charitable purposes	-	3,906	3,906
Total fund balances	10,692	3,906	14,598
Total liabilities and fund balances	\$ 10,692	\$ 3,906	\$ 14,598

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

<i>Year ended September 30,</i>	2013		
	Federal Forfeiture Fund	Donations Fund	Total Nonmajor Governmental Funds
Revenues			
Fines and forfeitures	\$ 77,218	\$ -	\$ 77,218
Miscellaneous	2,087	25	2,112
Total revenues	79,305	25	79,330
Expenditures			
Current:			
Public safety	134,123	-	134,123
Excess of revenues over (under) expenditures	(54,818)	25	(54,793)
Fund balances - October 1, 2012	65,510	3,881	69,391
Fund balances - September 30, 2013	\$ 10,692	\$ 3,906	\$ 14,598

Levy County Sheriff

Combining Statement of Fiduciary Net Position
Agency Funds

<i>September 30,</i>	2013		
	Inmate Trust Fund	Civil and Suspense Fund	Total Agency Funds
Assets			
Cash and equivalents	\$ 8,305	\$ 9,892	\$ 18,197
Liabilities			
Assets held for others	3,202	-	3,202
Due to other funds	108	-	108
Due to other county agencies	4,995	9,892	14,887
Total liabilities	8,305	9,892	18,197
Net position	\$ -	\$ -	\$ -

**Additional Elements Required by the
Rules of the Auditor General**



Carr, Riggs & Ingram, LLC
4010 N.W. 25th Place
Gainesville, Florida 32606
P.O. Box 13494
Gainesville, Florida 32604

(352) 372-6300
(352) 375-1583 (fax)
www.cricpa.com

MANAGEMENT LETTER

The Honorable Robert B. McCallum
Sheriff
Levy County, Florida

We have audited the financial statements of the office of the Levy County Sheriff (the "Office"), as of and for the year ended September 30, 2013, and have issued our report thereon dated May 27, 2014. 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 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.

The purpose of this management letter is solely to comply with the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this communication is not suitable for any other purpose.

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.

Carr, Riggs & Ingram, LLC

Gainesville, Florida
May 27, 2014

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

The Honorable Robert B. McCallum
Sheriff
Levy County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the office of the Levy County Sheriff (the "Office"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Office's special purpose financial statements, and have issued our report thereon dated May 27, 2014.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a 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 2013-001 and 2013-004 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 accompany schedule of findings as items 2013-002 and 2013-003 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office's financial statements are free from 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 Findings

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

Purpose of this Report

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

Carly Riggs & Ingram, L.L.C.

Gainesville, Florida
May 27, 2014

Schedule of Findings

2013-001 (Reported in previous audit reports as items 12-1 and 11-1.)

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.

2013-002 (Reported in previous audit report as item 12-5.)

Condition – The Office did not adopt a budget for the Inmate Welfare Fund pursuant to Chapter 129, Florida Statutes. Additionally, the Office overexpended the budget of the Federal Forfeiture Fund, a nonmajor special revenue fund.

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

2013-003 **Condition** – The Office's budgetary internal controls were not sufficient to properly monitor restricted resources received from the Board of County Commissioners' E-911 Fund. Specifically, the excess (\$21,074) of transfers from the Board's E-911 fund over expenditures of the Office's Dispatch Center was not returned to the Board of County Commissioners intact and was instead used to fund the Office's law enforcement and corrections departments.

Recommendation – The Office's budget position should be closely monitored to ensure that unexpended, restricted resources are not utilized by other departments.

2013-004 **Condition** – The Office's internal controls over payroll were not sufficient to ensure compliance with all applicable laws and regulations:

1. The Office incurred penalties totaling \$5,123 for the late payment of payroll taxes. In five instances, payment was made from one to fifty-two days late and in one instance the late notice was generated prior to payment.
2. The Sheriff was paid \$2,032 more than the amount provided in Chapter 145, Florida Statutes. The Office will be reimbursed in fiscal year 2014.
3. An audit by the Department of Labor resulted in the payment of approximately \$11,000 to current and former employees for previously incurred unpaid overtime. The unpaid overtime wages resulted from the Office's improper application of the 86-hour work period to employees not engaged in law enforcement.

Recommendation – The Office should develop internal control procedures to ensure payroll taxes are timely remitted and that the Sheriff's salary and employee overtime is paid in accordance with applicable laws and regulations.

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 27, 2014

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 2013, as prepared by auditors for Carr, Rigs, & Ingram, LLC.

- 13-1 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.
- 13-2 Procedures are in place to ensure that all budgets are properly adopted and amended within the 60 day period provided in the Florida Statutes.
- 13-3 Procedures are in place to ensure that the office's budget position is closely monitored to ensure that unexpected, restricted resources are not utilized by other departments.
- 13-4 Internal control procedures have been developed to ensure payroll taxes are timely remitted and that the Sheriff's salary and employee overtime is paid in accordance with applicable laws and regulations.

Thank you for your help.

Sincerely,

A handwritten signature in blue ink that reads "Robert B. McCallum, Jr." with a stylized flourish at the end.

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

Levy County Tax Collector

Audit Report

September 30, 2013

	<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 Position	5
Notes to Financial Statements	6
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	11
Supplementary Information	
Combining Statement of Fiduciary Net Position – Agency Funds	12
Additional Elements Required by the Rules of the Auditor General	
Management Letter	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14
Schedule of Findings	16
Elected Official's Response to Auditor's Comments	--

INDEPENDENT AUDITOR'S REPORT

The Honorable Linda Fugate
Tax Collector
Levy County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the office of the Levy County Tax Collector (the "Office") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Office's special purpose financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the 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 as of September 30, 2013, and the respective changes in financial position, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note 1 to the financial statements, which describes that the accompanying financial statements were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are special purpose financial statements that do not constitute a complete presentation, but otherwise constitute financial statements prepared in accordance with generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Office's 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2014, on our consideration of the Office'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Office's internal control over financial reporting and compliance.

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

Gainesville, Florida
May 27, 2014

Levy County Tax Collector
Balance Sheet – Governmental Funds

<i>September 30,</i>	2013
	General Fund
Assets	
Cash and equivalents	\$ 234,668
Due from other funds	51,433
Total assets	\$ 286,101
Liabilities and fund balance	
Liabilities:	
Accounts payable and accrued liabilities	\$ 17,649
Due to other county agencies	260,345
Deferred revenues	8,107
Total liabilities	286,101
Fund balance	-
Total liabilities and fund balance	\$ 286,101

See accompanying notes.

Levy County Tax Collector
Statement of Revenues, Expenditures
and Changes in Fund Balance

<i>Year ended September 30,</i>	2013
	General Fund
<hr/>	
Revenues	
Charges for services	\$1,248,510
Miscellaneous revenue	520
<hr/>	
Total revenues	1,249,030
Expenditures	
Current:	
General government services	988,685
<hr/>	
Excess of revenues over expenditures	260,345
Other financing uses	
Reversion to board of county commissioners	(260,345)
<hr/>	
Net change in fund balance	-
Fund balance – October 1, 2012	-
<hr/>	
Fund balance – September 30, 2013	\$ -
<hr/> <hr/>	

See accompanying notes.

Levy County Tax Collector
Statement of Fiduciary Net Position

<u>September 30,</u>	<u>2013</u>
	Agency Funds
Assets	
Cash and equivalents	\$ 1,314,516
Due from other funds	696
Accounts receivable	1,573
<hr/>	
Total assets	1,316,785
<hr/>	
Liabilities	
Due to other funds	52,129
Due to other county agencies	81,155
Assets held for others	1,183,501
<hr/>	
Total liabilities	1,316,785
<hr/>	
Net position	\$ -

See accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the office 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, which is the primary government for financial reporting purposes.

Basis of Presentation

The Office’s financial statements are special purpose financial statements that have been prepared solely 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 required by generally accepted accounting principles. However, these fund financial statements do not constitute a complete presentation because, 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 single 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.

The Office also reports the following fiduciary funds:

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

Levy County Tax Collector
Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 Chief Financial Officer eligible collateral equal to, or in excess of, an amount to be determined by the Chief Financial Officer. The Chief Financial Officer is required to ensure that all funds are entirely insured or collateralized throughout the fiscal year.

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.

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, 2012	Additions	Deductions	Balance September 30, 2013	Due Within One Year
Compensated absences	\$ 22,000	\$ 27,000	\$ 23,000	\$ 26,000	\$ 17,000

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, 2013 were as follows: Regular Employees 6.95%; Special Risk Employees 19.06%; Senior Management 18.31%; Elected Officials 33.03%; DROP 12.84%. Employees are required to contribute 3%. 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, 2013, 2012 and 2011 were \$45,000, \$33,000 and \$61,000, 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.

Levy County Tax Collector
Notes to Financial Statements

NOTE 5 – INTERFUND BALANCES

Due from	Due To			Total
	General Fund	Tax Fund	Game and Wildlife Fund	
Tax Fund	\$24,597	\$ -	\$ -	\$24,597
Tag Fund	25,932	522	174	26,628
Game and Wildlife Fund	904	-	-	904
	<u>\$51,433</u>	<u>\$ 522</u>	<u>\$ 174</u>	<u>\$52,129</u>

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund

Year ended September 30,

2013

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Charges for services	\$ 1,240,860	\$ 1,240,860	\$ 1,248,510	\$ 7,650
Miscellaneous revenue	500	500	520	20
Total revenues	1,241,360	1,241,360	1,249,030	7,670
Expenditures				
Current:				
General government services	993,219	1,184,236	988,685	195,551
Excess of revenues over expenditures	248,141	57,124	260,345	203,221
Other financing uses				
Reversion to board of county commissioners	(248,141)	(57,124)	(260,345)	(203,221)
Net change in fund balances	-	-	-	-
Fund balances - October 1, 2012	-	-	-	-
Fund balances - September 30, 2013	\$ -	\$ -	\$ -	\$ -

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

Levy County Tax Collector

Combining Statement of Fiduciary Net Position
Agency Funds

September 30,

2013

	Tax Fund	Tag Fund	Game and Wildlife Fund	Total
Assets				
Cash and equivalents	\$ 1,162,208	\$ 151,137	\$ 1,171	\$ 1,314,516
Due from other funds	522	-	174	696
Accounts receivable	-	1,522	51	1,573
Total assets	1,162,730	152,659	1,396	1,316,785
Liabilities				
Due to other funds	24,597	26,628	904	52,129
Due to other county agencies	79,817	1,338	-	81,155
Assets held for others	1,058,316	124,693	492	1,183,501
Total liabilities	1,162,730	152,659	1,396	1,316,785
Net position	\$ -	\$ -	\$ -	\$ -

**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 office of the Levy County Tax Collector (the "Office"), as of and for the year ended September 30, 2013, and have issued our report thereon dated May 27, 2014. 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 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.

The purpose of this management letter is solely to comply with the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this communication is not suitable for any other purpose.

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.

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

Gainesville, Florida
May 27, 2014

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

The Honorable Linda Fugate
Tax Collector
Levy County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the major fund and the aggregate remaining fund information of the office of the Levy County Tax Collector (the "Office"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Office's special purpose financial statements, and have issued our report thereon dated May 27, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2013-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office's financial statements are free from 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 Finding

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

Purpose of this Report

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

Carly Riggs & Ingram, L.L.C.

Gainesville, Florida
May 27, 2014

2013-001 (Reported in previous audit report as item 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 fiscal year 2011. 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

June 23, 2014

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

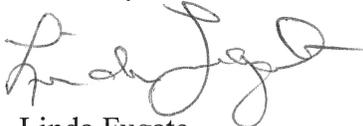
Dear Sir or Madam:

I am writing in response to the findings on our audit for year-end 2013.

On condition 2013-001, the recap balances within \$97.00 to the DR 403CC and DR 403BM that is certified to the State. The \$97.00 is a rounding issue due to the School Board millage being split from 2 millage rates into 3 millage rates.

The total that the auditor is trying to balance with from line 1 on the recap includes Non Ad-valorem assessments, if we exclude the Non Ad-valorem assessments from line 1 our total credits will not match our total debits.

Sincerely,



Linda Fugate
Tax Collector

Levy County
Property Appraiser

Audit Report

September 30, 2013

	<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
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11
Elected Official's Response to Auditor's Comments	--

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the office of the Levy County Property Appraiser (the "Office") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Office's special purpose financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Office as of September 30, 2013, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note 1 to the financial statements, which describes that the accompanying financial statements were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are special purpose financial statements that do not constitute a complete presentation, but otherwise constitute financial statements prepared in accordance with generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2014, on our consideration of the Office'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Office's internal control over financial reporting and compliance.

Carly Riggs & Ingram, L.L.C.

Gainesville, Florida
April 17, 2014

Balance Sheet – Governmental Funds

Levy County Property Appraiser

<i>September 30,</i>	2013
	General Fund
Assets	
Cash and equivalents	\$ 95,719
Liabilities and fund balances	
Liabilities:	
Accounts payable and accrued liabilities	\$ 2,743
Due to other county agencies	92,976
Total liabilities	95,719
Fund balance	-
Total liabilities and fund balance	\$ 95,719

See accompanying notes.

Levy County Property Appraiser

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds

<i>Year ended September 30,</i>	2013
	General Fund
Revenues	
Charges for services	\$ 25,415
Miscellaneous revenue	28,121
Total revenues	53,536
Expenditures	
Current:	
General government services	828,250
Excess of revenues under expenditures	(774,714)
Other financing sources (uses)	
Appropriation from board of county commissioners	867,690
Reversion to board of county commissioners	(92,976)
Total other financing sources (uses)	774,714
Net change in fund balance	-
Fund balance - October 1, 2012	-
Fund balance - September 30, 2013	\$ -

See accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the office 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, which is the primary government for financial reporting purposes.

Basis of Presentation

The Office’s financial statements are special purpose financial statements that have been prepared solely 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 required by generally accepted accounting principles. However, these fund financial statements do not constitute a complete presentation because, 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 single 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 Chief Financial Officer eligible collateral equal to, or in excess of, an amount to be determined by the Chief Financial Officer. The Chief Financial Officer 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, 2012	Additions	Deductions	Balance September 30, 2013	Due Within One Year
Compensated absences	\$ 35,000	\$66,000	\$ 62,000	\$ 39,000	\$ 39,000

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, 2013 were as follows: Regular Employees 6.95%; Special Risk Employees 19.06%; Senior Management 18.31%; Elected Officials 33.03%; DROP 12.84%. Employees are required to contribute 3%. 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, 2013, 2012 and 2011 were approximately \$43,000, \$34,000 and \$73,000, 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

Levy County Property Appraiser

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund

<i>Year ended September 30,</i>	2013			
	Budgeted Amounts			Variance
	Original	Final	Actual	With Final Budget
Revenues				
Charges for services	\$ 25,656	\$ 25,656	\$ 25,415	\$ (241)
Miscellaneous revenue	-	-	28,121	28,121
Total revenues	25,656	25,656	53,536	27,880
Expenditures				
Current:				
General government services	878,346	886,903	828,250	58,653
Reserve for contingencies	15,000	6,443	-	6,443
Total expenditures	893,346	893,346	828,250	65,096
Excess of revenues over (under) expenditures	(867,690)	(867,690)	(774,714)	92,976
Other financing sources (uses)				
Appropriation from board of county commissioners	867,690	867,690	867,690	-
Reversion to board of county commissioners	-	-	(92,976)	(92,976)
Total other financing sources (uses)	867,690	867,690	774,714	(92,976)
Net change in fund balances	-	-	-	-
Fund balances - October 1, 2012	-	-	-	-
Fund balances - September 30, 2013	\$ -	\$ -	\$ -	\$ -

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 office of the Levy County Property Appraiser (the "Office"), as of and for the year ended September 30, 2013, and have issued our report thereon dated April 17, 2014. 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 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.

The purpose of this management letter is solely to comply with the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this communication is not suitable for any other purpose.

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.

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

Gainesville, Florida
April 17, 2014

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

The Honorable Osborn “Oz” Barker
Property Appraiser
Levy County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the office of the Levy County Property Appraiser (the “Office”), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Office’s special purpose financial statements, and have issued our report thereon dated April 17, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Carri Riggs & Ingram, L.L.C.

Gainesville, Florida

April 17, 2014

Levy County Property Appraiser Osborn "Oz" Barker

P. O. Drawer 100 Bronson, Florida 32621

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



April 17, 2014

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, 2013. 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 dark ink, appearing to read "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, 2013

	<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 Position	5
Notes to Financial Statements	6
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	10
Additional Elements Required by the Rules of the Auditor	
General	
Management Letter	11
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i>	12
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

Report on the Financial Statements

We have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the office of the Levy County Supervisor of Elections (the "Office") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Office's special purpose financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the 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 as of September 30, 2013, and the respective changes in financial position, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

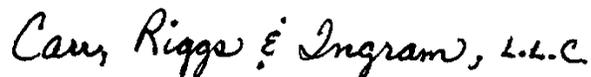
We draw attention to Note 1 to the financial statements, which describes that the accompanying financial statements were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are special purpose financial statements that do not constitute a complete presentation, but otherwise constitute financial statements prepared in accordance with generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Other Matters*Required Supplementary Information*

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2014, on our consideration of the Office'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Office's internal control over financial reporting and compliance.



Gainesville, Florida
March 17, 2014

Levy County Supervisor of Elections
Balance Sheet – Governmental Funds

<i>September 30,</i>	2013
	General Fund
Assets	
Cash and equivalents	\$ 404
Prepays	3,777
Total assets	\$ 4,181
Liabilities and fund balance	
Liabilities:	
Accounts payable and accrued liabilities	\$ 1,316
Due to other county agencies	2,865
Total liabilities	4,181
Fund balance:	
Nonspendable	3,777
Unassigned	(3,777)
Total fund balance	-
Total liabilities and fund balance	\$ 4,181

See accompanying notes.

Levy County Supervisor of Elections

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds

<i>Year ended September 30,</i>	2013
	General Fund
Revenues	
Intergovernmental revenue	\$ 6,543
Miscellaneous revenue	390
Total revenues	6,933
Expenditures	
Current:	
General government services	414,772
Excess of revenues under expenditures	(407,839)
Other financing sources (uses)	
Appropriation from board of county commissioners	410,681
Reversion to the board of county commissioners	(2,842)
Total other financing sources (uses)	407,839
Net change in fund balance	-
Fund balance - October 1, 2012	-
Fund balance - September 30, 2013	\$ -

See accompanying notes.

Levy County Supervisor of Elections

Statement of Fiduciary Net Position

<i>September 30,</i>	2013
	Agency Fund
Assets	
Cash and equivalents	\$ 384
Liabilities	
Due to other county agencies	384
Net position	\$ -

See accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the office 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, which is the primary government for financial reporting purposes.

Basis of Presentation

The Office’s financial statements are special purpose financial statements that have been prepared solely 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 required by generally accepted accounting principles. However, these fund financial statements do not constitute a complete presentation because, 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 single 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.

The Office also reports the following fiduciary funds:

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Fund balance classifications are described below:

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 used for specific purposes.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund and the negative residual amount in other funds.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE 2 – CHANGES IN LONG-TERM DEBT

A summary of changes in long-term debt follows:

	Balance October 1, 2012	Additions	Deductions	Balance September 30, 2013	Due Within One Year
Compensated absences	\$15,000	\$ 5,900	\$ 17,700	\$ 3,200	\$ 3,200

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, 2013 were as follows: Regular Employees 6.95%; Special Risk Employees 19.06%; Senior Management 18.31%; Elected Officials 33.03%; DROP 12.84%. Employees are required to contribute 3%. 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, 2013, 2012 and 2011 were \$18,800, \$8,500 and \$18,300, 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

Levy County Supervisor of Elections

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund

<i>Year ended September 30,</i>	2013			
	<u>Budgeted Amounts</u>			Variance With Final Budget
	Original	Final	Actual	
Revenues				
Intergovernmental revenue	\$ -	\$ 6,543	\$ 6,543	\$ -
Miscellaneous revenue	-	-	390	390
Total revenues	-	6,543	6,933	390
Expenditures				
Current:				
General government services	394,700	417,224	414,772	2,452
Reserve for contingency	2,000	2,000	-	2,000
Total expenditures	396,700	419,224	414,772	4,452
Excess of revenues over (under) expenditures	(396,700)	(412,681)	(407,839)	4,842
Other financing sources (uses)				
Appropriation from board of county commissioners	396,700	412,681	410,681	(2,000)
Reversion to the board of county commissioners	-	-	(2,842)	(2,842)
Total other financing sources (uses)	396,700	412,681	407,839	(4,842)
Net change in fund balances	-	-	-	-
Fund balances - October 1, 2012	-	-	-	-
Fund balances - September 30, 2013	\$ -	\$ -	\$ -	\$ -

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 Tammy Jones
Supervisor of Elections
Levy County, Florida

We have audited the financial statements of the office of the Levy County Supervisor of Elections (the "Office"), as of and for the year ended September 30, 2013, and have issued our report thereon dated March 17, 2014. 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 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.

The purpose of this management letter is solely to comply with the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this communication is not suitable for any other purpose.

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.

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

Gainesville, Florida
March 17, 2014

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

The Honorable Tammy Jones
Supervisor of Elections
Levy County, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the major fund and the aggregate remaining fund information of the office of the Levy County Supervisor of Elections (the "Office"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Office's special purpose financial statements, and have issued our report thereon dated March 17, 2014.

Internal Control Over Financial Reporting

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

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

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 2013-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office's financial statements are free from 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 Finding

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

Purpose of this Report

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

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

Gainesville, Florida
March 17, 2014

2013-001 (Reported in previous audit reports as items 12-1 and 11-1.)

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.



Tammy Jones

Levy County
Supervisor of Elections
421 S. Court St.
Bronson, FL 32621

(352) 486-5163

tammy@votelevy.com

Website: www.votelevy.com

March 17, 2014

To: David W Martin
State of Florida Auditor General

From: Tammy Jones
Supervisor of Elections
Levy County, Florida

Re: Response to Auditors Report

Below is a response to the findings to the 2012-2013 fiscal years and my goals to achieve corrective action where ever possible.

2013-001 I took office in January 2013 and after a few months in office; I have taken steps to hire outside accounting assistance to reconcile bank statements, record transactions to the ledger and process payroll. I believe that those actions are adequate considering the size of my office to address the lack of segregations of duties noted.

I would like to thank the auditor for bringing these matters to my attention.

Sincerely,

Tammy Jones
Supervisor of Elections