

**FINANCIAL STATEMENTS AND  
REQUIRED SUPPLEMENTARY INFORMATION**

**ESCAMBIA COUNTY, FLORIDA  
DETENTION/JAIL COMMISSARY FUND**

**SEPTEMBER 30, 2014  
WITH INDEPENDENT AUDITORS' REPORT**

**FINANCIAL STATEMENTS AND  
REQUIRED SUPPLEMENTARY INFORMATION**

**ESCAMBIA COUNTY, FLORIDA  
DETENTION/JAIL COMMISSARY FUND**

**SEPTEMBER 30, 2014  
WITH INDEPENDENT AUDITORS' REPORT**

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## **INDEPENDENT AUDITORS' REPORT**

The Honorable Board of County Commissioners  
Escambia County, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Detention/Jail Commissary Fund ("Commissary Fund") of Escambia County, Florida, as of and for the year ended September 30, 2014, and the related notes to the financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express 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. 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 auditors' 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 Commissary Fund of Escambia County, Florida, as of September 30, 2014, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, the Commissary Fund financial statements referred to above were prepared solely for the purpose of complying with Florida Statutes, Section 951.23 (e). The accompanying financial statements are intended to present the financial position and changes in financial position of the operations of the Commissary Fund and they do not purport to, and do not, present fairly the financial position of Escambia County, Florida, as of September 30, 2014, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## ***Other Matter - Compliance with Florida Statute 951.23 (9)(b)***

Florida Statute 951.23(9)(b) requires that commissary prices be set so as to not exceed the fair market value for comparable products sold in the community where the facility is located. In connection with our audit, nothing came to our attention that caused us to believe that the Jail Commissary failed to comply with this requirement, insofar as it relates to accounting matters. However, our audit was not directed toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Jail Commissary's noncompliance with the above-referenced provision, insofar as it relates to accounting matters.

## ***Restricted Use Relating to the Other Matter***

The communication related to compliance described in the foregoing Other Matter paragraph is intended solely for the information and use of the Board of County Commissioners, Jail Commissary management, and state officials, and is not intended to be and should not be used by anyone other than these specified parties.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule and related notes, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required 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.

*Warren Averett, LLC*

Pensacola, Florida  
February 18, 2015

## **Financial Statements**

**ESCAMBIA COUNTY, FLORIDA  
DETENTION/JAIL COMMISSARY FUND  
BALANCE SHEET  
September 30, 2014**

**ASSETS**

Jail Inmate Trust Account	\$ 118,981
Cash and Investments	1,013,635
Accounts Receivable	65,733
Inventories	97,027
<b>Total Assets</b>	<b>\$ 1,295,376</b>

**LIABILITIES**

Accounts Payable	\$ 62,694
Accrued Liabilities	6,197
Due to Other Governments	4,983
Inmate Deposits - Commissary	118,981
<b>Total Liabilities</b>	<b>192,855</b>

**FUND BALANCES**

Non-Spendable Inventory	97,027
Restricted for Public Safety - Inmate Welfare	1,005,494
<b>Total Fund Balances</b>	<b>1,102,521</b>

<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,295,376</b>
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**ESCAMBIA COUNTY, FLORIDA**  
**DETENTION/JAIL COMMISSARY FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**For the Year Ended September 30, 2014**

**REVENUES**

Charges for Service	\$ 844,331
Intergovernmental	-
Investment Income	1,767
Miscellaneous Revenues	482,644
<b>Total Revenues</b>	<u>1,328,742</u>

**EXPENDITURES**

Current:

Public Safety	
Personnel	153,075
Operating	636,798
Capital	433,759
<b>Total Expenditures</b>	<u>1,223,632</u>

**Excess (Deficiency) of Revenues**

<b>Over (Under) Expenditures</b>	<u>105,110</u>
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**OTHER FINANCING SOURCES (USES)**

Transfers In From Sheriff	997,411
<b>Total Other Financing Sources and (Uses)</b>	<u>997,411</u>

**Net Change in Fund Balance** 1,102,521

**Fund Balance - Beginning** -

**Fund Balance - Ending** \$ 1,102,521



**ESCAMBIA COUNTY, FLORIDA  
DETENTION/JAIL COMMISSARY FUND**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

The following is a summary of the significant principles and policies used in the preparation of these financial statements.

**A. Reporting entity**

Pursuant to Florida Statutes section 951.23 (9), a commissary may be operated in the detention facility. If a commissary is established, then an inmate welfare fund shall also be established. The officer in charge will establish a procedure for providing commissary or canteen facilities or access to canteen items for the benefit of the inmate. The commissary or canteen shall not sell food that competes with the detention facility food program. Canteen prices shall be set so as not to exceed the fair market value for comparable products sold in the community where the facility is located. Expenses involved in the commissary operation, including compensation for commissary employees and gratuities for inmates who may assist such employees, may be paid from the profit. Profits from the commissary shall be used for overall inmate welfare.

For financial reporting purposes, the Detention/Jail Commissary Fund (Jail Commissary) is a special revenue of the primary government of Escambia County, Florida (the County), and therefore, is included as such in the Escambia County, Florida, Comprehensive Annual Financial Report.

**B. Financial Statements**

These financial statements have are presented for the purpose of complying with state law, specifically Section 951.23 (9)(e) Florida Statutes which requires an audit of the fiscal management of the commissary by a disinterested party on an annual basis, which shall include certification of compliance with the pricing requirements.

Because this special fund level-only report is prepared for statutory compliance purposes, it does not present entity-wide financial statements and management's discussion and analysis in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34. All other relevant aspects of GASB Statement No. 34 have been incorporated into this report.

Entity-wide financial statements are prepared at the County-wide level by the County and include Jail Commissary special revenue fund. Copies of that report may be found online at [www.escambiaclerk.com](http://www.escambiaclerk.com), or by contacting the Escambia County Clerk of Circuit Court and Comptroller, Finance Department, 221 Palafox Place Suite 130 Pensacola Florida 32502.

**C. Basis of presentation – fund financial statements**

The Jail Commissary financial records and accounts are maintained in accordance with the principles of "fund accounting," whereby resources are classified for accounting and reporting purposes into funds to insure compliance with any special restrictions or limitations on the use of such resources. The financial transactions of the fund are recorded in an individual special revenue fund.

**ESCAMBIA COUNTY, FLORIDA  
DETENTION/JAIL COMMISSARY FUND**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies (*Continued*)**

**C. Basis of presentation – fund financial statements (*continued*)**

**Special Revenue Fund** - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

**Nonspendable Fund Balance** – Fund balances are classified as nonspendable, when they are not in spendable form or are legally or contractually required to be maintained intact. Nonspendable fund balance consists of supply inventories.

**Restricted Fund Balance** - Fund balances are classified as restricted when constraints are placed on the use of resources such as by Florida Statute 951.23(9).

**D. Measurement focus and basis of accounting**

The Jail Commissary is accounted for on a “spending” or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Reported fund balance is considered a measure of “available or appropriable resources”. The operating statement presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

The Jail Commissary uses the *modified accrual basis of accounting*. Revenues are recognized when they become susceptible to accrual—that is when they are both measurable and available to finance expenditures of the current period. Expenditures generally are recognized under the *modified accrual basis of accounting* when the fund liability is incurred.

**E. Funding**

The primary revenues for the Jail Commissary are charges for service. Charges for service consist primarily of commissions on commissary sales and phone services.

Operating expenditures for inmate welfare consist primarily of Chaplin services, educational classes, legal services, health and personal hygiene, clothing, telephone/television/internet.

**2. Cash deposits with financial institutions**

At year-end the reported amount of the deposits was \$118,981, and the bank balance was \$150,219 in the Jail Inmate Trust checking account (a custodial bank account used to hold monies belonging to inmates). The remaining cash and investments totaling \$1,013,635 consists of equity in pooled cash & investments of the County. All such funds are considered insured through FDIC coverage or by the Florida Security for Public Deposits Act.

**ESCAMBIA COUNTY, FLORIDA  
DETENTION/JAIL COMMISSARY FUND**

**NOTES TO FINANCIAL STATEMENTS**

**3. Inventory**

Inventories are valued at estimated cost. The cost of such inventories is recorded as an expenditure when consumed rather than when purchased. The inventory consists primarily of laundry/custodial supplies and medical supplies.

**4. Capital assets**

Capital assets (vehicles, equipment and other property costing at least \$1,000 with a useful life of more than one year) are recorded as expenditures at the time of purchase. These assets are capitalized at cost and depreciated in Escambia County's government-wide financial statements.

**5. Litigation**

In the opinion of management, based on the advice of legal counsel, there are no lawsuits or claims outstanding which will have a material adverse effect on the financial position of the Jail Commissary.

**REQUIRED SUPPLEMENTARY INFORMATION**

**ESCAMBIA COUNTY, FLORIDA**  
**DETENTION/JAIL COMMISSARY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Year Ended September 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for Service	\$ 1,488,430	\$ 1,488,430	\$ 844,331	\$ (644,099)
Intergovernmental	-	-	-	-
Investment Income	-	-	1,767	1,767
Miscellaneous Revenues	-	-	482,644	482,644
<b>Total Revenues</b>	<u>1,488,430</u>	<u>1,488,430</u>	<u>1,328,742</u>	<u>(159,688)</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety				
Personnel	-	158,911	153,075	5,836
Operating	1,286,692	1,127,781	636,798	490,983
Capital	201,738	201,738	433,759	(232,021)
<b>Total Expenditures</b>	<u>1,488,430</u>	<u>1,488,430</u>	<u>1,223,632</u>	<u>264,798</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>105,110</u>	<u>105,110</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In From Sheriff	-	-	997,411	997,411
<b>Total Other Financing Sources and (Uses)</b>	<u>-</u>	<u>-</u>	<u>997,411</u>	<u>997,411</u>
<b>Net Change in Fund Balance</b>	<u>-</u>	<u>-</u>	<u>1,102,521</u>	<u>1,102,521</u>
<b>Fund Balance - Beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,102,521</u>	<u>\$ 1,102,521</u>

**ESCAMBIA COUNTY, FLORIDA  
DETENTION/JAIL COMMISSARY FUND**

**SCHEDULE OF FINDINGS AND RESPONSES  
September 30, 2014**

The Jail Commissary operates under budget procedures applicable to counties pursuant to Florida Statutes. An annual budget is legally adopted for the Jail Commissary special revenue fund on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the fund level.

The budgets presented in the accompanying schedule are as originally adopted, or as legally amended, by the Escambia County Board of County Commissioners during the year ended September 30, 2014.

The Jail Commissary's tentative budget is submitted to the Board of County Commissioners for the ensuing fiscal year. As required by Florida Statutes, the proposed budget contains balanced statements of estimated revenues and proposed appropriations for the fund.

After public hearings, a final budget is prepared and adopted no later than September 30. The Jail Commissary budget, which is included in Escambia County's budget, is legally enacted through passage of a resolution.

The Board of County Commissioners must approve any revisions that alter the total expenditures of the fund. The County Budget Department is authorized to transfer budgeted amounts within departments of a fund and between departments of a fund; however, the Board of County Commissioners must approve any revisions that alter the total expenditures of any fund. The Board of County Commissioners may approve supplemental budget amendments during the year that increase the original budget.