

HAMILTON COUNTY, FLORIDA

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2013

HAMILTON COUNTY, FLORIDA

LIST OF PRINCIPAL OFFICIALS

September 30, 2013

Board of County Commissioners

District I	Beth Burnam
District II	Josh Smith
District III	Robert Brown
District IV	Randy Ogburn, Sr.
District V	Harry Oxendine

County Attorney

John H. McCormick

Clerk of the Circuit Court

Greg Godwin

Property Appraiser

David H. Goolsby, Jr.

Sheriff

J. Harrell Reid

Supervisor of Elections

Laura Dees

Tax Collector

Mary Sue Adams

HAMILTON COUNTY, FLORIDA

ANNUAL FINANCIAL REPORT

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KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdcpa@windstream.net

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of County Commissioners
Hamilton County, Florida

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hamilton County, Florida, 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 Hamilton County, Florida, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information in Section I and Section II pages 34–37 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hamilton County, Florida's basic financial statements. The combining nonmajor fund financial statements, combining agency fund financial statement, and nonmajor budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Section 215.97 *Florida Statutes*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements, combining agency fund financial statement, and schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate 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 my opinion, the combining nonmajor fund financial statements, combining agency fund financial statement, and schedule of expenditures of federal awards and state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

The nonmajor budgetary comparison schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 3, 2014, on my consideration of the Hamilton County, Florida's internal control over financial reporting and on my 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 my 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 Hamilton County, Florida's internal control over financial reporting and compliance.



Kenneth M. Daniels
Certified Public Accountant
June 3, 2014

**INDEPENDENT
AUDITOR'S
REPORT**

HAMILTON COUNTY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended September 30, 2013

Our discussion and analysis of Hamilton County, Florida's (the County), financial performance provides an overview of the County's financial activities for the fiscal year ended September 30, 2013. Please read it in conjunction with the County's financial statements, which begin in Section II - page 1.

FINANCIAL HIGHLIGHTS

With continued assistance from the Florida Department of Transportation (DOT), the County continues improving its roads. Approximately \$2.87 million was expended in the fiscal year ending September 30, 2013, on County road projects. The widening and resurfacing of State Road 6 East was completed, and improvements to CR 135 are ongoing. The contracted amount for resurfacing CR 135 is \$2.91 million.

The library in White Springs, FL, was completed and is serving the community. PCS Phosphate largely funded the construction costs with a grant of \$300,000.

The County actively recruited and negotiated the location of a Rural Health Clinic in Jasper to serve residents. An agreement with Live Oak HMA, LLC for the Clinic was signed on October 16, 2013. The facility opened post year end.

The "Old" Hamilton County Memorial Hospital, which was donated to the County in the prior year, was demolished to enable future construction to meet unmet medical needs of County residents.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities in Section II provide information about the activities of the County as a whole and present a longer – term view of the County's finances.

Fund financial statements start in Section II page 4. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government – wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the County as a Whole

Our analysis of the County as a whole begins in Section I - page 3. The Statement of Net Position and the Statement of Activities in Section II pages 1-3 report information about the County as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private – sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements also report the County's net position and changes in it. The County's net position, the difference between assets and liabilities, is one way to measure the County's financial health. Over time, increases or decreases in the County's net position is an indicator of whether its financial health is

improving or deteriorating. Other nonfinancial factors such as changes in the County's property tax base and the condition of the County's capital assets, should also be considered in assessing its overall health.

In the Statement of Net Position and the Statement of Activities, the County is divided into two kinds of activities:

- **Governmental activities** – Most of the County's basic services are reported here, including the finance and administration functions: Clerk of the Circuit Court, Tax Collector, Property Appraiser, Supervisor of Elections; public safety: the Sheriff, emergency medical services, emergency management, County volunteer fire departments, and building inspections; economic development; human services; culture and recreation: library services and recreation department. Property taxes, various other taxes, and state and federal grants finance these activities.
- **Business – type activities** – The County charges a fee to customers to help it cover all or most of the cost of garbage disposal and water/wastewater services it provides. The County's landfill facility and I75/SR6 water/wastewater utility system are reported under the business-type activities.

Reporting the County's Most Significant Funds

The analysis of the County's major funds begins in Section I, page 4. The fund financial statements begin in Section II page 4 and provide detailed information about the most significant funds not the County as a whole. Some funds are required to be established by State law. However, the Board of County Commissioners establishes other funds to help it control and manage money for particular purposes (Transportation Trust, Local Housing Assistance, and Tourist Development) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (911 Communications, Emergency Management and CDBG Grant Funds). The County's two kinds of funds, governmental and proprietary, use different accounting approaches.

- *Governmental funds* – Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year – end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short –term view of the County's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. The relationship or differences between governmental activities reported in the Statement of Net Position and the Statement of Activities and governmental funds are described in a reconciliation accompanying the fund financial statements.
- *Proprietary funds* – When the County charges customers for the services it provides, whether to outside customers or to other units of the County, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The County's enterprise funds, proprietary funds, is the same as the business – type activities reported in the government – wide statements but provide more detail and additional information, such as cash flows.

The County as Trustee

The County is the agent, or fiduciary, for certain payments it receives. All of the County's fiduciary activities are reported in separate Statement of Fiduciary Assets and Liabilities in Section II page 13. We exclude these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for disbursing the assets reported in these funds.

The County as a Whole

The County's governmental Net Position increased by \$1.5 million. The increase was largely the result of a transportation grant for SR 6. Grant proceeds were recognized as earned. The project's cost was capitalized and is being depreciated over its estimated life.

The County's business-type activities Net Position decreased approximately \$345,000. This decrease was largely due to the ongoing maintenance expenditures greater than originally planned for the I75/SR6 water/wastewater treatment facility.

Overall the County's Net Position increased by approximately \$1.1 million, again, largely the result of the SR6 resurfacing project.

The County maintains a reserve of approximately \$800,000 to fund ongoing expenses at the I75/SR6 water/wastewater facility. The County remains unsure if the project will ever be self-supporting.

Other liabilities within the Governmental Activities decreased due to the contractual liabilities in the prior year related to road grants and the White Springs library construction. Long-term liabilities decreased also. The Board of County Commissioners agreed to utilize five graders rather than the six used in prior years. Restricted net position was reduced due to the completion of the White Springs library. However, construction of the Veteran's Memorial Park which is funded by the County and private donations began during the year ended September 30, 2013.

A summary of the County's Net Position follows:

Table 1
Net Position
(In Millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Statement of Net position						
Current and other assets	\$ 10.60	\$ 10.38	\$ 2.37	\$ 2.53	\$ 12.97	\$ 12.91
Capital assets	<u>36.18</u>	<u>35.19</u>	<u>7.00</u>	<u>7.44</u>	<u>43.18</u>	<u>42.63</u>
Total assets	<u>\$ 46.78</u>	<u>\$ 45.57</u>	<u>\$ 9.37</u>	<u>\$ 9.97</u>	<u>\$ 56.15</u>	<u>\$ 55.54</u>
Other liabilities	\$ 0.50	\$ 0.68	\$ 0.02	\$ 0.02	\$ 0.52	\$ 0.70
Long term liabilities	<u>1.38</u>	<u>1.49</u>	<u>1.98</u>	<u>2.24</u>	<u>3.36</u>	<u>3.73</u>
Total liabilities	<u>1.88</u>	<u>2.17</u>	<u>2.00</u>	<u>2.26</u>	<u>3.88</u>	<u>4.43</u>
Net position:						
Invested in Cap Assets	35.58	34.44	7.00	7.44	42.58	41.88
Restricted	2.46	2.69	-	-	2.46	2.69
Unrestricted	<u>6.86</u>	<u>6.27</u>	<u>0.37</u>	<u>0.27</u>	<u>7.23</u>	<u>6.54</u>
Total net position	<u>44.90</u>	<u>43.40</u>	<u>7.37</u>	<u>7.71</u>	<u>52.27</u>	<u>51.11</u>
Total liabilities & net position	<u>\$ 46.78</u>	<u>\$ 45.57</u>	<u>\$ 9.37</u>	<u>\$ 9.97</u>	<u>\$ 56.15</u>	<u>\$ 55.54</u>

Governmental Activities

Revenues increased slightly again due to the \$2.8 million SR 6 transportation grant.

Expenses decreased due to the completion of the Love's Access Road and CDBG Housing Grant in the prior year.

Business-type Activities

Solid waste revenue decreased slightly due to the large sale of accumulated recycling products in the prior year. Water/wastewater revenue was flat. Overall, expenditures decreased due to the adjustment to the landfill closure/post closure estimated costs as calculated by the County's landfill engineer.

A summary of the changes in Net Position is below:

Table 2
Changes in Net position
(In Millions)

Statement of Activities	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Program revenues						
General government	\$ 2.69	\$ 2.66	\$ -	\$ -	\$ 2.69	\$ 2.66
Public safety	1.43	1.72	-	-	1.43	1.72
Physical environment	-	-	-	-	-	-
Transportation	3.77	1.48	-	-	3.77	1.48
Economic environment	0.42	0.66	-	-	0.42	0.66
Human services	0.14	0.15	-	-	0.14	0.15
Culture/recreation	0.34	0.35	-	-	0.34	0.35
Court related	0.49	0.51	-	-	0.49	0.51
Garbage/solid waste	-	-	0.20	0.23	0.20	0.23
Water/wastewater	-	-	0.03	0.03	0.03	0.03
General revenues						
Taxes						
Ad valorem	7.56	7.29	-	-	7.56	7.29
Tourist development	0.03	0.03	-	-	0.03	0.03
Fuel - voted	0.07	0.07	-	-	0.07	0.07
Fuel - local option	0.75	0.66	-	-	0.75	0.66
Discretionary sales	0.65	0.52	-	-	0.65	0.52
Commx services	0.02	0.01	-	-	0.02	0.01
Interest	0.02	0.04	0.01	0.01	0.03	0.05
Miscellaneous	<u>0.12</u>	<u>0.27</u>	<u>-</u>	<u>-</u>	<u>0.12</u>	<u>0.27</u>
Total revenues	<u>18.50</u>	<u>16.42</u>	<u>0.24</u>	<u>0.27</u>	<u>18.74</u>	<u>16.69</u>
Program expenses						
General government	3.19	2.89	-	-	3.19	2.89
Public safety	7.10	6.82	-	-	7.10	6.82
Physical environment	0.15	0.14	-	-	0.15	0.14
Transportation	3.98	3.82	-	-	3.98	3.82
Economic environment	0.39	1.33	-	-	0.39	1.33
Human services	0.44	0.51	-	-	0.44	0.51

Program Expenses (continued)						
Culture/recreation	0.89	0.92	-	-	0.89	0.92
Court related	0.66	0.62	-	-	0.66	0.62
Interest on long term debt	0.03	0.03	-	-	0.03	0.03
Garbage/solid waste	-	-	0.43	0.56	0.43	0.56
Water/wastewater combination	<u>-</u>	<u>-</u>	<u>0.44</u>	<u>0.41</u>	<u>0.44</u>	<u>0.41</u>
Total expenses	<u>16.83</u>	<u>17.08</u>	<u>0.87</u>	<u>0.97</u>	<u>17.70</u>	<u>18.05</u>
Excess (deficiency) before extraordinary and special items and transfers						
	1.67	(0.66)	(0.63)	(0.70)	1.04	(1.36)
Special and extraordinary items and transfers						
Extraordinary item	-	0.09	-	-	-	0.09
Special items	0.11	0.12	-	-	0.11	0.12
Transfers	<u>(0.28)</u>	<u>(0.28)</u>	<u>0.28</u>	<u>0.28</u>	<u>-</u>	<u>-</u>
Total special items and transfers	<u>(0.17)</u>	<u>(0.07)</u>	<u>0.28</u>	<u>0.28</u>	<u>0.11</u>	<u>0.21</u>
Change in net position	1.50	(0.73)	(0.35)	(0.42)	1.15	(1.15)
Beginning net position	<u>43.40</u>	<u>44.13</u>	<u>7.72</u>	<u>8.14</u>	<u>51.12</u>	<u>52.27</u>
Ending net position	<u>\$ 44.90</u>	<u>\$ 43.40</u>	<u>\$ 7.37</u>	<u>\$ 7.72</u>	<u>\$ 52.27</u>	<u>\$ 51.12</u>

The County's Funds

The County's General Fund's Fund Balance increased approximately \$600,000 – increased ad valorem receipts and discretionary sales surtax largely the result of Love's Travel Stop at I75/SR129 and the reduction of expenditures: courthouse improvements, capital outlay for Love's access road, indigent medical services, and Medicaid payments to hospitals.

The Transportation Trust Fund's fund balance decreased by \$400,000 due to budgeted road improvements/repairs. The trend is expected to reverse in the 2013-14 year with fuel taxes received via increased fuel taxes generated by Love's Travel Stop.

Overall, the governmental funds' fund balance increased \$387,000. Strength in General Fund as indicated above and the receipt of SHIP Funds in the amount of \$375,000 (other governmental funds) both contributed to the increase.

The County's Enterprise Funds' Net Position decreased \$346,000, the result of a \$200,000 reduction to the landfill's closure/post closure liability and increased operating costs at the I75/SR6 water/wastewater plant (loss of \$411,000 versus \$384,000 in prior year).

See the detail below.

TABLE 3
CHANGES IN GOVERNMENTAL AND MAJOR FUNDS' TOTAL AND UNRESERVED FUND BALANCES AND ENTERPRISE FUND NET POSITION
(in Millions)

<u>Governmental Funds</u>	<u>2013</u>	<u>2012</u>	<u>\$ Change</u>	<u>Percent Change</u>
Total fund balances	\$ 9.88	\$ 9.49	\$ 0.39	4.1%

Table 3 (continued)

Unreserved Fund Balance				
<u>Major Funds</u>	<u>2013</u>	<u>2012</u>	<u>\$ Change</u>	<u>Percent Change</u>
General	\$ 7.44	\$ 6.83	\$ 0.61	8.9%
Transportation Trust	1.13	1.55	(0.42)	-
Landfill Enterprise Fund Change in Net position: Invested in Capital Assets				
	<u>2013</u>	<u>2012</u>	<u>\$ Change</u>	<u>Percent Change</u>
	\$ 1.87	\$ 2.02	\$ (0.15)	-7.4%
Unrestricted				
	<u>2013</u>	<u>2012</u>	<u>\$ Change</u>	<u>Percent Change</u>
	\$ (0.46)	\$ (0.67)	\$ 0.21	31.3%
I75/SR6 Utility Fund Change in Net position: Invested in Capital Assets				
	<u>2013</u>	<u>2012</u>	<u>\$ Change</u>	<u>Percent Change</u>
	\$ 5.14	\$ 5.42	\$ (0.28)	-5.2%
Unrestricted				
	<u>2013</u>	<u>2012</u>	<u>\$ Change</u>	<u>Percent Change</u>
	\$ 0.83	\$ 0.95	\$ (0.12)	-12.6%

GENERAL FUND BUDGETARY HIGHLIGHTS

Detailed budget reviews by the Board of County Commissioners continued in fiscal year 2013 to ensure that the constrained budget amounts are realistic and expenditures are as budgeted. Post year-end, the budget was amended to reflect unexpected revenue sources and funding needs. Numerous appropriations were above/below the budgeted forecast.

General Fund's final budget exceeded the original by approximately \$44,000 due to the recognition of unanticipated receipts. The actual amounts expended were \$5.6 million less than the appropriated amounts largely due to budgeted reserves.

Actual receipts and balances exceeded the budgeted by \$1.86 million due to taxes (\$606,000 greater than budgeted) and budgetary fund balance (\$1.95 million greater than budgeted). Appropriations were under budget by approximately \$5.5 million due to a contingency of \$4.85 million. Many line items were less than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As indicated in the table below, the County has approximately \$69 million invested in capital assets such as land (including road right-of-ways), buildings, recreation facilities, landfill disposal facilities, roads,

bridges, boat ramps, and equipment. The above amount represents an increase of \$2.54 million over the previous year's total.

Fiscal year 2013's major additions included the following (in millions):

County Roads and recreation facilities	\$2.90
Equipment (excavator, mower, and other)	.19
Land (courthouse parking lot)	.07

Table 4
Capital Assets (in Millions)

	Governmental		Business-type		Totals	
	Activities		Activities		2013	2012
	2013	2012	2013	2012	2013	2012
Land	\$ 1.45	\$ 1.38	\$ 0.27	\$ 0.27	\$ 1.72	\$ 1.65
Construction in progress	0.38	1.12	-	-	0.38	1.12
Buildings	8.97	8.60	-	-	8.97	8.60
Improvements other than buildings	39.71	36.35	9.74	9.74	49.45	46.09
Equipment, furniture, and vehicles	<u>7.43</u>	<u>7.97</u>	<u>0.95</u>	<u>0.93</u>	<u>8.38</u>	<u>8.90</u>
Totals	<u>\$ 57.94</u>	<u>\$ 55.42</u>	<u>\$ 10.96</u>	<u>\$ 10.94</u>	<u>\$ 68.90</u>	<u>\$ 66.36</u>

Capital asset additions budgeted for fiscal year 2013-14 are approximately \$37,000 (small equipment and vehicle) in the General Fund and \$2.8 million in the Transportation Trust Fund (roads and equipment).

Debt

The County decreased its outstanding debt slightly due to scheduled annual payments.

Outstanding debt is as follows:

TABLE 5
OUTSTANDING DEBT AT YEAR-END
(IN MILLIONS)

	Governmental		Business-type		Totals	
	Activities		Activities		2013	2012
	2013	2012	2013	2012	2013	2012
Est. liability for closure	\$ -	\$ -	\$ 1.96	\$ 2.16	\$ 1.96	\$ 2.16
Capital leases	0.59	0.75	-	0.05	0.59	0.80
Compensated absences	<u>0.79</u>	<u>0.74</u>	<u>0.18</u>	<u>0.02</u>	<u>0.97</u>	<u>0.76</u>
Totals	<u>\$ 1.38</u>	<u>\$ 1.49</u>	<u>\$ 2.14</u>	<u>\$ 2.23</u>	<u>\$ 3.52</u>	<u>\$ 3.72</u>

2014 BUDGET AND CURRENTLY KNOWN FACTS

2014 Budget

A summary of the County's 2014 budget is as follows:

General Fund – The Board of County Commissioners budgeted a cash balance forward of \$5.34 million and revenues of \$12.2 million. Appropriations total \$17.79 million with budgeted reserves of \$5.1 million.

Transportation Trust Fund – A cash balance forward of \$787,000 and revenues of \$5.5 million fund appropriations of \$6.3 million with a budgeted reserve of \$970,000. Budgeted capital outlay is as follows: CR 135 \$2.3 million; equipment \$519,000. Debt service is budgeted at \$277,836.

Enterprise Fund – Tipping fees for landfill waste are budgeted at \$95,000. The State’s Consolidated Waste Grant is budgeted at \$91,000. Transfers from General Fund will provide operating funds of \$223,000.

I75/SR6 Water/Wastewater Fund – Reserves of \$75,000 are required to fund operating expenses of \$95,000. Utility revenues of \$20,000 are budgeted.

Currently Known Facts

The Board of County Commissioners is currently investigating alternatives for truck traffic accessing Love’s Travel Stop from SR 129. Alternatives have been presented by the County’s engineer; however, they are yet to be decided upon by all parties involved.

CONTACTING THE COUNTY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors, with a general overview of the County’s finances and to show the County’s accountability for the money that it receives. If you have questions about this report or need additional financial information, contact the Hamilton County Clerk of Courts Office at 207 NE 1st Street, Room 106, Jasper, FL 32052.



Josh Smith
Chairman, Hamilton County Board of County Commissioners



Greg Godwin
Clerk of the Circuit Court, Hamilton County

**BASIC
FINANCIAL STATEMENTS**

HAMILTON COUNTY, FLORIDA

STATEMENT OF NET POSITION

September 30, 2013

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Assets			
Cash	\$ 9,898,572	\$ 853,295	\$ 10,751,867
Accounts receivable	448,332	10,872	459,204
Allowance for doubtful accounts	(150,483)	-	(150,483)
Due from other governmental units	394,849	7,187	402,036
Prepaid item	15,722	-	15,722
Restricted assets			
Cash	-	1,505,088	1,505,088
Capital assets			
Land and construction in progress	1,833,690	267,366	2,101,056
Other capital assets, net of depreciation	<u>34,344,279</u>	<u>6,736,999</u>	<u>41,081,278</u>
Total capital assets	<u>36,177,969</u>	<u>7,004,365</u>	<u>43,182,334</u>
Total assets	<u>\$ 46,784,961</u>	<u>\$ 9,380,807</u>	<u>\$ 56,165,768</u>
Liabilities and net position			
Liabilities			
Accounts payable	\$ 258,886	\$ 23,823	\$ 282,709
Contracts payable	8,699	-	8,699
Due to other governmental units	20,475	-	20,475
Payroll withholding/taxes	-	-	-
Deposits	-	1,600	1,600
Deferred revenue	214,019	-	214,019
Other current liabilities	2,529	-	2,529
Long-term liabilities			
Due within one year			
Compensated absences	221,728	17,876	239,604
Capital leases	214,882	-	214,882
Due within more than one year			
Estimated liability for landfill post-closure	-	1,963,110	1,963,110
Compensated absences	566,795	-	566,795
Capital leases	<u>378,695</u>	<u>-</u>	<u>378,695</u>
Total liabilities	<u>1,886,708</u>	<u>2,006,409</u>	<u>3,893,117</u>

(Continued)

See notes to financial statements.

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HAMILTON COUNTY, FLORIDA

STATEMENT OF NET POSITION

September 30, 2013

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Net position			
Invested in capital assets, net of related debt	\$ 35,584,392	\$ 7,004,365	\$ 42,588,757
Restricted			
Capital projects	18,741	-	18,741
Transportation	1,134,857	-	1,134,857
Other purposes	1,303,453	-	1,303,453
Unrestricted	<u>6,856,810</u>	<u>370,033</u>	<u>7,226,843</u>
Total net position	<u>44,898,253</u>	<u>7,374,398</u>	<u>52,272,651</u>
Total liabilities and net position	<u>\$ 46,784,961</u>	<u>\$ 9,380,807</u>	<u>\$ 56,165,768</u>

HAMILTON COUNTY, FLORIDA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 3,186,094	\$ 349,087	\$ 2,334,382	\$ 10,728	\$ (491,897)	\$ -	\$ (491,897)
Public safety	7,099,199	779,107	654,848	-	(5,665,244)	-	(5,665,244)
Physical environment	148,769	-	-	-	(148,769)	-	(148,769)
Transportation	3,984,492	11,133	883,062	2,873,015	(217,282)	-	(217,282)
Economic environment	392,005	300	375,000	44,691	27,986	-	27,986
Human services	440,538	-	144,361	-	(296,177)	-	(296,177)
Culture/recreation	885,620	37,143	299,530	-	(548,947)	-	(548,947)
Court related	660,216	185,557	302,307	-	(172,352)	-	(172,352)
Interest on long term debt	28,801	-	-	-	(28,801)	-	(28,801)
Total governmental activities	<u>16,825,734</u>	<u>1,362,327</u>	<u>4,993,490</u>	<u>2,928,434</u>	<u>(7,541,483)</u>	<u>-</u>	<u>(7,541,483)</u>
Business type activities							
Garbage/solid waste services	425,466	130,961	70,588	-	-	(223,917)	(223,917)
Water/wastewater combination services	437,369	26,499	-	-	-	(410,870)	(410,870)
	<u>862,835</u>	<u>157,460</u>	<u>70,588</u>	<u>-</u>	<u>-</u>	<u>(634,787)</u>	<u>(634,787)</u>
Total government	<u>\$ 17,688,569</u>	<u>\$ 1,519,787</u>	<u>\$ 5,064,078</u>	<u>\$ 2,928,434</u>	<u>(7,541,483)</u>	<u>(634,787)</u>	<u>(8,176,270)</u>
General revenues							
Taxes							
Ad valorem					7,558,808	-	7,558,808
Tourist development					26,945	-	26,945
Fuel - voted					72,754	-	72,754
Fuel - local option					750,458	-	750,458
Discretionary sales surtax					648,539	-	648,539
Communications services					15,269	-	15,269
Interest earnings					22,614	5,255	27,869
Miscellaneous					119,106	-	119,106
Special item - gain on disposal of assets					110,000	-	110,000
Transfers					(283,060)	283,060	-
Total general revenues, special items, and transfers					<u>9,041,433</u>	<u>288,315</u>	<u>9,329,748</u>
Change in net position					1,499,950	(346,472)	1,153,478
Net position - beginning					<u>43,398,303</u>	<u>7,720,870</u>	<u>51,119,173</u>
Net position - ending					<u>\$ 44,898,253</u>	<u>\$ 7,374,398</u>	<u>\$ 52,272,651</u>

HAMILTON COUNTY, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2013

	General Fund	County Transportation Trust Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 7,529,840	\$ 1,026,356	\$ 1,311,844	\$ 9,868,040
Accounts receivable	436,360	7,402	4,569	448,331
Allowance for doubtful accounts	(150,483)	-	-	(150,483)
Interfund receivables	91,835	-	6,882	98,717
Due from other governmental units	166,483	188,456	39,909	394,848
Prepaid item	<u>-</u>	<u>-</u>	<u>15,722</u>	<u>15,722</u>
Total assets and other debits	<u>\$ 8,074,035</u>	<u>\$ 1,222,214</u>	<u>\$ 1,378,926</u>	<u>\$ 10,675,175</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 204,017	\$ 39,739	\$ 15,130	\$ 258,886
Contracts payable	-	8,699	-	8,699
Interfund payables	25,507	1,519	41,159	68,185
Due to other governmental units	1,344	-	19,131	20,475
Compensated absences	184,328	37,400	-	221,728
Deferred revenue	214,019	-	-	214,019
Other current liabilities	<u>2,480</u>	<u>-</u>	<u>53</u>	<u>2,533</u>
Total liabilities	<u>631,695</u>	<u>87,357</u>	<u>75,473</u>	<u>794,525</u>
Fund balances				
Nonspendable - prepaid item	-	-	15,722	15,722
Restricted for:				
Capital projects	18,741	-	-	18,741
Transportation	-	1,134,857	-	1,134,857
Other purposes	-	-	1,287,731	1,287,731
Assigned	330,669	-	-	330,669
Unassigned	<u>7,092,930</u>	<u>-</u>	<u>-</u>	<u>7,092,930</u>
Total fund balances	<u>7,442,340</u>	<u>1,134,857</u>	<u>1,303,453</u>	<u>9,880,650</u>
Total liabilities and fund balance	<u>\$ 8,074,035</u>	<u>\$ 1,222,214</u>	<u>\$ 1,378,926</u>	<u>\$ 10,675,175</u>

HAMILTON COUNTY, FLORIDA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

September 30, 2013

Total fund balances for governmental funds \$ 9,880,650

Total Net Position reported for governmental activities in the statement of Net Position is different because of the following:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of the following:

Land	1,450,619
Construction in progress	383,071
Buildings	8,970,991
Accumulated depreciation - buildings	(3,123,804)
Improvements other than buildings (infrastructure)	39,713,472
Accumulated depreciation - improvements other than buildings	(12,645,213)
Equipment	7,432,366
Accumulated depreciation - equipment	<u>(6,003,533)</u>
Total capital assets. (See note 5.)	<u>36,177,969</u>

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.

All liabilities - both current and long-term - are reported in the statement of Net Position. Balances at September 30, 2013, are as follows:

Capital leases - current	(214,876)
Compensated absences - long-term	(566,795)
Capital leases - long-term	<u>(378,695)</u>
Total long-term debt	<u>(1,160,366)</u>
Total Net Position of governmental activities	<u>\$ 44,898,253</u>

HAMILTON COUNTY, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2013

	<u>General Fund</u>	<u>County Transportation Trust Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 8,184,118	\$ 823,212	\$ 26,945	\$ 9,034,275
Licenses and permits	61,038	-	-	61,038
Intergovernmental revenues	2,848,336	3,934,186	935,601	7,718,123
Charges for services	964,427	11,133	234,997	1,210,557
Fines and forfeitures	12,021	-	148,262	160,283
Interest	20,073	956	1,584	22,613
Miscellaneous	<u>283,810</u>	<u>13,140</u>	<u>2,420</u>	<u>299,370</u>
Total revenues	<u>12,373,823</u>	<u>4,782,627</u>	<u>1,349,809</u>	<u>18,506,259</u>
Expenditures				
Current				
General government	3,054,895	-	43,408	3,098,303
Public safety	6,311,232	-	440,457	6,751,689
Physical environment	148,769	-	-	148,769
Transportation	-	2,137,918	-	2,137,918
Economic environment	92,033	-	265,514	357,547
Human services	434,345	-	-	434,345
Culture/recreation	802,081	-	-	802,081
Court related	235,872	-	423,028	658,900
Capital outlay	361,425	2,990,610	20,120	3,372,155
Debt service				
Principal	-	155,493	-	155,493
Interest	<u>-</u>	<u>28,801</u>	<u>-</u>	<u>28,801</u>
Total expenditures	<u>11,440,652</u>	<u>5,312,822</u>	<u>1,192,527</u>	<u>17,946,001</u>
Excess (deficiency) of revenues over expenditures	<u>933,171</u>	<u>(530,195)</u>	<u>157,282</u>	<u>560,258</u>

(Continued)

See notes to financial statements.

HAMILTON COUNTY, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2013

	<u>General Fund</u>	<u>County Transportation Trust Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources (uses)				
Interfund transfers in	\$ 13,198	\$ -	\$ 71,454	\$ 84,652
Interfund transfers out	<u>(338,930)</u>	<u>-</u>	<u>(28,782)</u>	<u>(367,712)</u>
Total other financing sources (uses)	<u>(325,732)</u>	<u>-</u>	<u>42,672</u>	<u>(283,060)</u>
Special item				
Sale of assets	<u>-</u>	<u>110,000</u>	<u>-</u>	<u>110,000</u>
Net change in fund balances	607,439	(420,195)	199,954	387,198
Fund balances at beginning of year	<u>6,834,901</u>	<u>1,555,052</u>	<u>1,103,499</u>	<u>9,493,452</u>
Fund balances at end of year	<u>\$ 7,442,340</u>	<u>\$ 1,134,857</u>	<u>\$ 1,303,453</u>	<u>\$ 9,880,650</u>

HAMILTON COUNTY, FLORIDA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2013

Net change in fund balances - total governmental funds \$ 387,198

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Expenses are reduced by the capital outlay and increased by the current period's depreciation.

Capital outlay 3,372,155
Depreciation (2,373,836)

Governmental funds report principal reductions as expenditures. However, in the statement of activities the expenditure is eliminated. The payment reduces long-term liabilities in the statement of Net Position.

155,493

In the governmental funds, losses on the disposal of assets are not recorded because no current financial resource flow has taken place. However, the amounts are recorded at the government-wide level.

Loss on disposal of assets (7,514)

In governmental funds, the long-term portion of accrued annual leave is not recorded. In the statement of Net Position, the adjustment is made to salaries based on the increase or (decrease) in the liability.

(33,546)

Change in Net Position of governmental activities

\$ 1,499,950

HAMILTON COUNTY, FLORIDA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

September 30, 2013

	<u>Landfill Enterprise</u>	<u>I75/SR6 Utility</u>	<u>Total</u>
Assets			
Current assets			
Cash	\$ 12,748	\$ 840,547	\$ 853,295
Accounts receivable	9,576	1,296	10,872
Due from other governments	<u>7,187</u>	<u>-</u>	<u>7,187</u>
Total current assets	<u>29,511</u>	<u>841,843</u>	<u>871,354</u>
Noncurrent assets			
Restricted assets - expendable			
Cash	<u>1,505,088</u>	<u>-</u>	<u>1,505,088</u>
Capital assets			
Land	110,391	156,975	267,366
Buildings and improvements	3,882,537	-	3,882,537
Infrastructure	-	5,856,702	5,856,702
Equipment	947,713	-	947,713
Accumulated depreciation	<u>(3,071,448)</u>	<u>(878,505)</u>	<u>(3,949,953)</u>
Net capital assets	<u>1,869,193</u>	<u>5,135,172</u>	<u>7,004,365</u>
Total noncurrent assets	<u>3,374,281</u>	<u>5,135,172</u>	<u>8,509,453</u>
Total assets	<u>\$ 3,403,792</u>	<u>\$ 5,977,015</u>	<u>\$ 9,380,807</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 15,708	\$ 8,115	\$ 23,823
Compensated absences	17,876	-	17,876
Deposits	<u>-</u>	<u>1,600</u>	<u>1,600</u>
Total current liabilities	33,584	9,715	43,299
Noncurrent liabilities			
Estimated liability for landfill post-closure	<u>1,963,110</u>	<u>-</u>	<u>1,963,110</u>
Total liabilities	<u>1,996,694</u>	<u>9,715</u>	<u>2,006,409</u>
Net position			
Invested in capital assets, net of related debt	1,869,193	5,135,172	7,004,365
Unrestricted	<u>(462,095)</u>	<u>832,128</u>	<u>370,033</u>
Total net position	<u>1,407,098</u>	<u>5,967,300</u>	<u>7,374,398</u>
Total liabilities and net position	<u>\$ 3,403,792</u>	<u>\$ 5,977,015</u>	<u>\$ 9,380,807</u>

HAMILTON COUNTY, FLORIDA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS**

For the Year Ended September 30, 2013

	<u>Landfill</u> <u>Enterprise</u>	I75/SR6 <u>Utility</u>	<u>Total</u>
Operating Revenues			
Physical environment			
Garbage/solid waste revenue	\$ 112,899	\$ -	\$ 112,899
Service charges - water/wastewater utilities	-	26,499	26,499
Sales of scrap	<u>18,062</u>	<u>-</u>	<u>18,062</u>
Total operating revenues	<u>130,961</u>	<u>26,499</u>	<u>157,460</u>
Operating Expenses			
Garbage/solid waste services			
Personal services			
Salaries Class III Landfill	98,009	-	98,009
Overtime	184	-	184
FICA taxes	6,107	-	6,107
FICA taxes - Medicare	1,428	-	1,428
Retirement contributions	5,510	-	5,510
Health insurance	25,435	-	25,435
Life insurance	122	-	122
Workers' compensation	<u>4,749</u>	<u>-</u>	<u>4,749</u>
Total personal services	<u>141,544</u>	<u>-</u>	<u>141,544</u>
Operating expenses			
Professional services	130,460	-	130,460
Contractual services	8,837	-	8,837
Contractual services	12,175	-	12,175
Communications	4,588	-	4,588
Utilities	4,864	-	4,864
Repair and maintenance	15,894	-	15,894
Repair and maintenance equipment	6,623	-	6,623
Other current charges	635	-	635
Leachate water treatment	689	-	689
Hazardous waste disposal	914	-	914
Closure costs	(203,203)	-	(203,203)
Other current charges - advertising	947	-	947
Office supplies	462	-	462
Operating supplies - gas, oil, lube	9,852	-	9,852
Operating supplies - small tools	533	-	533
Books, publications, subscriptions	20	-	20
Depreciation	<u>165,094</u>	<u>-</u>	<u>165,094</u>
Total operating expenses	<u>159,384</u>	<u>-</u>	<u>159,384</u>
Total garbage and solid waste services	<u>300,928</u>	<u>-</u>	<u>300,928</u>

(Continued)

See notes to financial statements.

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HAMILTON COUNTY, FLORIDA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS**

For the Year Ended September 30, 2013

Recycling (continued)			
Personal services			
Salaries - recycling	\$ 53,121	\$ -	\$ 53,121
Overtime	214	-	214
FICA taxes	3,235	-	3,235
FICA taxes - Medicare	757	-	757
Retirement contributions	2,980	-	2,980
Health insurance	18,085	-	18,085
Life insurance	87	-	87
Workers' compensation	<u>3,854</u>	<u>-</u>	<u>3,854</u>
Total personal services	<u>82,333</u>	<u>-</u>	<u>82,333</u>
Operating expenses			
Travel	1,196	-	1,196
Postage and freight	820	-	820
Utilities	1,482	-	1,482
Repair and maintenance-equipment	3,286	-	3,286
Promotional activities	639	-	639
Other current charges	74	-	74
Recycling solid waste	12,859	-	12,859
Other current charges - aluminum	2,695	-	2,695
Office supplies	1,039	-	1,039
Operating supplies - fuel and lube	8,808	-	8,808
Operating supplies - small tools	4,700	-	4,700
Dues and subscriptions	377	-	377
Education and training	<u>1,560</u>	<u>-</u>	<u>1,560</u>
Total operating expenses	<u>39,535</u>	<u>-</u>	<u>39,535</u>
Total recycling	<u>121,868</u>	<u>-</u>	<u>121,868</u>
Water-sewer Combination Services			
Operating expenses			
Contractual services	-	54,596	54,596
Utilities	-	27,399	27,399
Other current charges	-	7,388	7,388
Other current charges - advertising	-	270	270
Operating supplies	-	54,881	54,881
Depreciation	<u>-</u>	<u>292,835</u>	<u>292,835</u>
Total water-sewer combination services	<u>-</u>	<u>437,369</u>	<u>437,369</u>
Total operating expenses	<u>422,796</u>	<u>437,369</u>	<u>860,165</u>
Operating income (loss)	<u>(291,835)</u>	<u>(410,870)</u>	<u>(702,705)</u>

(Continued)
See notes to financial statements.

HAMILTON COUNTY, FLORIDA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS**

For the Year Ended September 30, 2013

Nonoperating revenues (expenses)			
Intergovernmental revenue			
State grants			
Small County Consolidated Grant	\$ 70,588	\$ -	\$ 70,588
Interest revenue	3,667	1,588	5,255
Interest expense	<u>(2,670)</u>	<u>-</u>	<u>(2,670)</u>
Total nonoperating revenues (expenses)	<u>71,585</u>	<u>1,588</u>	<u>73,173</u>
Income (loss) before transfers	(220,250)	(409,282)	(629,532)
Transfers in			
General Fund	<u>283,060</u>	<u>-</u>	<u>283,060</u>
Change in net position	62,810	(409,282)	(346,472)
Net position - beginning	<u>1,344,288</u>	<u>6,376,582</u>	<u>7,720,870</u>
Net position - ending	<u>\$ 1,407,098</u>	<u>\$ 5,967,300</u>	<u>\$ 7,374,398</u>

HAMILTON COUNTY, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended September 30, 2013

	<u>Landfill Enterprise</u>	<u>I75/SR6 Utility</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from customers	\$ 154,068	\$ 26,125	\$ 180,193
Cash paid to employees/employee benefits	(224,286)	-	(224,286)
Cash paid to suppliers/others	<u>(235,619)</u>	<u>(139,522)</u>	<u>(375,141)</u>
Net cash provided (used) by operating activities	<u>(305,837)</u>	<u>(113,397)</u>	<u>(419,234)</u>
Cash flows from non-capital financing activities			
State grants received	68,097	-	68,097
Interfund loans	-	-	-
Interfund transfers	<u>283,060</u>	-	<u>283,060</u>
Cash provided by non-capital financing activities	<u>351,157</u>	-	<u>351,157</u>
Cash flows from capital and related financing activities			
Cash payments for capital lease	(52,197)	-	(52,197)
Cash payments for equipment	(15,965)	-	(15,965)
Interest paid on capital lease	<u>(2,670)</u>	-	<u>(2,670)</u>
Cash provided (used) by capital and related financing activities	<u>(70,832)</u>	-	<u>(70,832)</u>
Cash flows from investing activities			
Cash withdrawals from investment pool/certificates of deposit	3,294	98,412	101,706
Purchases of certificates of deposit	(3,185)	-	(3,185)
Interest received	<u>3,667</u>	<u>1,588</u>	<u>5,255</u>
Cash provided (used) by investing activities	<u>3,776</u>	<u>100,000</u>	<u>103,776</u>
Net increase (decrease) in cash and cash equivalents	(21,736)	(13,397)	(35,133)
Cash and cash equivalents, beginning	<u>44,938</u>	<u>67,279</u>	<u>112,217</u>
Cash and cash equivalents, ending (see below)	<u>\$ 23,202</u>	<u>\$ 53,882</u>	<u>\$ 77,084</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	<u>\$ (291,835)</u>	<u>\$ (410,870)</u>	<u>\$ (702,705)</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	165,094	292,835	457,929
(Increase) decrease in current assets			
Accounts receivable	23,107	(374)	22,733
Increase (decrease) in current liabilities			
Accounts payable	1,410	5,012	6,422
Accrued compensated absences	(409)	-	(409)
Landfill closure liability	<u>(203,204)</u>	-	<u>(203,204)</u>
Total adjustments	<u>(14,002)</u>	<u>297,473</u>	<u>283,471</u>
Net cash provided (used) by operating activities	<u>\$ (305,837)</u>	<u>\$ (113,397)</u>	<u>\$ (419,234)</u>
Cash per statement of net position			
Cash operating	\$ 12,748	\$ 840,547	\$ 853,295
Cash restricted	<u>1,505,088</u>	-	<u>1,505,088</u>
Total cash per statement of net position	1,517,836	840,547	2,358,383
Less: State Board of Administration Fund B deposits - limited withdrawal Certificate of deposit	<u>(3,966)</u>	-	<u>(3,966)</u>
	<u>(1,490,668)</u>	<u>(786,665)</u>	<u>(2,277,333)</u>
Cash per the statement of cash flows	<u>\$ 23,202</u>	<u>\$ 53,882</u>	<u>\$ 77,084</u>
Noncash transactions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HAMILTON COUNTY, FLORIDA

**STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS**

September 30, 2013

	<u>Agency Funds</u>
Assets	
Cash	<u>\$ 1,316,735</u>
Liabilities	
Due to other government units	580,525
Other current liabilities	
Due to others	<u>736,210</u>
Total liabilities	<u>1,316,735</u>
Net position	<u><u>\$ -</u></u>

HAMILTON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Hamilton County, Florida (the "County") is a political subdivision of the State of Florida created under Article VIII, Section 1 of the State Constitution. It is governed by an elected Board of County Commissioners (the "Board"), which is governed by state statutes and regulations, and ordinances adopted by the Board. In addition, there are five Constitutional Officers who are separately elected, which include the Clerk of the Circuit Court, Sheriff, Tax Collector, Property Appraiser, and the Supervisor of Elections. Pursuant to *Florida Statutes*, the Clerk of the Circuit Court for the County serves as clerk and accountant to the Board of County Commissioners. The Board currently has budgetary control, but not administrative control, over the activities for the other Constitutional Officers, some of whom have the authority and responsibility for collecting revenues within their areas of jurisdiction and remitting such collections to the Board.

In accordance with GASB Statement No. 14, the County is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the County. The County may also be financially accountable for governmental organizations that are fiscally dependent on it.

There are no blended component units or discretely presented component units included in the County's financial reporting entity. However, the following entities were created by a special act of the Legislature and local ordinances and are not independent of the Board of County Commissioners: Hamilton County Library Board, Comprehensive Planning Board, and Construction Licensing Board.

The entities listed below are excluded from the reporting entity:

<u>Entity</u>	<u>Legal Authority</u>
Hamilton County School Board	Constitutional independent special district
Hamilton County Memorial Hospital Board	Independent special district
Hamilton County Development Authority	Special district
Hamilton County Soil and Water Conservation District	Special district
Hamilton County Circuit and County Judges	State Officers

B. Basis of Presentation, Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the County). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. The County's governmental activities include all services except the landfill, and I75/SR6 utility funds which are considered business-type activities. Business-type activities are financed in whole or in part by fees charged to external parties.

In the government-wide statement of net position, both the government and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts: invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

The statement of activities presents a comparison, reporting the gross and net costs, between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. There are no indirect expense allocations and, therefore, none have been reversed for the statement of activities.

In the statement of activities, program revenues include (1) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds and focus on the determination of financial position and changes in financial position rather than upon net income. Separate statements for each fund category- *governmental, proprietary, and fiduciary*-are presented.

The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The focus of the proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector.

The County reports the following major governmental funds:

General Fund: This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Transportation Trust Fund: The purpose of this fund is to account for those revenues restricted under *Florida Statutes* Chapters 206 and 207 (local option, ninth-cent, constitutional, county, alternative, and special & motor fuel taxes) for transportation purposes and the related expenditures.

The County reports the following major enterprise funds:

Solid Waste Fund: This fund accounts for the operation, maintenance, and development of the County's landfill.

I75/SR6 Utility Fund: This fund accounts for the operation, maintenance, and development of the County's utilities located at the I75/SR6 interchange.

The County reports the following fund type:

Agency Funds: These funds account for monies held on behalf of other governments that use the County as a depository; property taxes collected on behalf on other governments; and surety bonds and performance deposits.

Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Financial Statements: The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if they are collected within six months after the end of the current fiscal period, except for property taxes, for which the period is sixty days. Property taxes, sales taxes, franchise taxes, licenses, intergovernmental revenues and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County funds certain programs using a combination of restricted and unrestricted resources. Thus, when certain expenses are incurred, there are both restricted and unrestricted resources available to finance the program. It is the County's policy to first apply restricted resources to such programs, followed by unrestricted resources.

C. Cash and cash equivalents

For the statement of cash flows, cash includes amounts in demand deposits, short-term money market investment accounts, and deposits in the Local Government Surplus Funds Trust Fund which are not subject to withdrawal restrictions.

D. Inventories

The costs of governmental and proprietary fund-type inventories are recorded as expenditures when purchased rather than when consumed. Actual inventories on hand at year-end would not be material to the financial statements.

E. Capital Assets

Purchased or constructed capital assets with an original cost of \$1,000 or more are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and improvements	15-70
Improvements other than buildings	15-30
Infrastructure – roads	20
Vehicles	5
Equipment	5-7

GASB 34 required the County to report and depreciate new infrastructure assets effective with the beginning of the 2003 fiscal year. Infrastructure assets include roads, bridges, underground pipe, boat ramps, etc. These infrastructure assets are, and likely to continue to be, the largest asset class of the County.

F. Compensated Absences

The County accrues unpaid vacation and sick leave when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government wide presentations.

A summary of the County's policy with regards to compensated absences is as follows: full time employees are granted vacation benefits in varying amounts ranging from twelve to twenty days per year depending on length of service. Sick leave accrues to full-time, permanent employees at a rate of one day per month. Generally, after one year of service, employees are entitled to a percentage of their sick leave and accrued vacation subject to limitation. The maximum amount of vacation leave that may be carried over annually is 240 hours. Employees who accumulate amounts in excess of the 240 hours must take time off or forfeit it. The County allows unlimited accumulation of sick leave.

G. Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation in the government-wide financial statements. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces the related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between

governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

H. Estimates

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

I. Restricted Assets

The Enterprise Fund is required by Florida law to establish and maintain prescribed amounts of resources (consisting of deposits with the State Board of Administration and a certificate of deposit with First Federal Savings Bank of Florida) that can only be used to pay for post closure expenses and closure costs of its landfill. At September 30, 2013, the County had deposits of \$1,505,088 restricted for this purpose.

J. Revenues

Substantially all governmental fund revenues are accrued. Subsidies and grants to the proprietary fund, which finance either capital or current operations, are reported as non-operating revenue based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

K. Governmental Funds - Fund Balances

GASB has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54) to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the County's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the users of those resources.

The County does not have a policy regarding the commitment or assignment of fund balances. As a result, the County does not report any committed fund balance. In accordance with GASB 54, the County reports the amount of the fund balance needed to eliminate expected expenditures over expected revenues in the subsequent year budget as assigned fund balance of the general fund.

The County's policy regarding whether restricted or unrestricted amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available is that the restricted amounts should be expended prior to the unrestricted balances. In the unrestricted balances the order in which the expenditure is made, when applicable, is committed, assigned, and unassigned.

A schedule showing the breakdown of the fund balance for governmental funds is presented at Note 8.

L. Property Tax Calendar

All real and tangible personal property taxes are due and payable on November 1, of each year or as soon thereafter as the assessment roll is certified by the Property Appraiser. The Tax Collector mails to each property owner on the assessment roll a notice of taxes levied by the various governmental entities in the County. Taxes may be paid upon receipt of such notice with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January, and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount.

All unpaid taxes on real and tangible personal property become delinquent on April 1, of the year following the year in which taxes were assessed. Procedures for collecting delinquent taxes, including applicable tax certificate sales, tax deed sales and tangible personal property seizure and sales are provided for by the *Laws of Florida*. Collections of county, municipal and independent taxing district taxes and remittances are accounted for in the Tax Collector's office. No material amounts of unpaid taxes were due at year-end.

M. Restricted Net position

The government-wide statement of net position reports \$2,457,051 of restricted net position, none of which is restricted by enabling legislation.

NOTE 2. DEPOSITS AND INVESTMENTS

Deposits with Financial Institutions - The County's cash at September 30, 2013, consists of legally authorized demand deposits in institutions, which are certified as Qualified Public Depositories under the Florida Public Deposits Act. Therefore, the County's deposits at September 30, 2013, are insured through the Federal Deposit Insurance Corporation and Bureau of Collateral Management, Florida Department of Financial Services.

Investments - Pursuant to Section 218.415(17), *Florida Statutes*, the County, without deposit and investment policies, is authorized to invest surplus public funds in:

- (a) The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in *Florida Statutes* 163.01.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in s. 280.02
- (d) Direct obligations of the U.S. Treasury.

During the year ended September 30, 2013, the County complied with the above requirements.

The County's cash deposits/investments at September 30, 2013, consisted of the following:

<u>Deposits/investments</u>	<u>Balance</u>
Board of County Commissioners (BCC)	\$ 11,401,769
Clerk of Circuit Court	1,367,753
Property Appraiser	53,662
Sheriff	552,747
Supervisor of Elections	13,618
Tax Collector	<u>184,141</u>
Total deposits	<u>\$ 13,573,690</u>

Chapters 218 *Florida Statutes* governs funds invested in the Florida PRIME, the state's investment service for public funds.

The County's deposits in the Florida PRIME, which the State Board of Administration indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, as of September 30, 2013, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. These investments are reported at fair value, which is amortized cost.

As of September 30, 2013, the Florida PRIME rating as established by Standard and Poors was AAAM. The weighted average day to maturity is 40 days. The Florida PRIME investment policies can be viewed at:

https://www.sbafla.com/prime/portals/8/RiskMan_Oversight/PolicyGuidelines/20130701_FloridaPRIMEInvestmentPolicyStatement.pdf

Investments

Investments consist of amounts placed in the State Board of Administration for participation in the Local Government Surplus Funds Trust Fund investment pools created by Sections 218 *Florida Statutes*.

The County's investments in the Fund B Surplus Funds Trust Fund are accounted for as a fluctuating net asset value pool with a fair value factor of 1.13262284 at September 30, 2013. Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the State Board of Administration, are effected by transferring eligible cash or securities to the LGIP, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as a liquid balance within the Florida PRIME account.

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

Interest rate risk

The weighted average life (WAL) of Fund B at September 30, 2013, was estimated at 4.04 years. However, because Fund B consists of restructured or defaulted securities there is considerable uncertainty regarding the weighted average life.

Credit risk

The Fund B Surplus Funds Trust Fund is unrated.

Fund B was not exposed to any foreign currency risk for the year ending September 30, 2013.

Fund B has not participated in a securities lending program in the fiscal year ending September 30, 2013.

The Fund B investment policies can be found at www.sbafla.com/prime under the Fund B tab.

The County's deposits in qualified public depositories and the Florida Prime are as follows:

	Board of County Commissioners	Clerk of Courts	Property Appraiser	Sheriff	Supervisor of Elections	Tax Collector	Totals
Deposits (including cert. of deposit)	\$ 11,319,798	\$ 1,366,504	\$ 53,662	\$ 552,747	\$ 13,618	\$ 184,141	\$ 13,490,470
Florida Prime (includes Fund B)	81,971	1,249	-	-	-	-	83,220
Total	<u>\$ 11,401,769</u>	<u>\$ 1,367,753</u>	<u>\$ 53,662</u>	<u>\$ 552,747</u>	<u>\$ 13,618</u>	<u>\$ 184,141</u>	<u>\$ 13,573,690</u>

	Board of County Commissioners	Clerk of Courts
Florida PRIME		
Florida PRIME	<u>\$ 53,890</u>	<u>\$ 1,249</u>
Fund B Surplus Trust Fund	24,793	-
Less unrealized (loss)/gain (recognized)	<u>3,288</u>	<u>-</u>
Net Fund B Surplus Trust Fund	<u>28,081</u>	<u>-</u>
Total	<u>\$ 81,971</u>	<u>\$ 1,249</u>

NOTE 3. RECEIVABLES

Accounts receivable at September 30, 2013, consist of the following:

Activity	Miscellaneous Amounts	Billed Accounts	Totals
Governmental			
General	\$ 64,890	\$ 371,471	\$ 436,361
Special Revenue	11,972	-	11,972
Business-type			
Enterprise	<u>-</u>	<u>10,871</u>	<u>10,871</u>
Totals	<u>\$ 76,862</u>	<u>\$ 382,342</u>	<u>\$ 459,204</u>

An allowance for doubtful accounts relating to Emergency Medical Billings is as follows:

EMS Patient Billings	\$ 371,471
Allowance for doubtful accounts	<u>(150,483)</u>
Net EMS receivables	<u>\$ 220,988</u>

Due from other government units at September 30, 2013, consists of the following:

Activity	State of Florida
Governmental	
General	\$ 166,484
Special Revenue	228,365
Business - type	
Enterprise	<u>7,187</u>
Totals	<u>\$ 402,036</u>

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013, was as follows:

	Balance <u>10/1/2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>9/30/2013</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,376,526	\$ 74,094	\$ -	\$ 1,450,620
Construction in progress	<u>1,123,536</u>	<u>2,979,853</u>	<u>3,720,319</u>	<u>383,070</u>
Total capital assets not being depreciated	<u>2,500,062</u>	<u>3,053,947</u>	<u>3,720,319</u>	<u>1,833,690</u>
Capital assets being depreciated				
Buildings and improvements	8,601,614	369,378	-	8,970,992
Improvements other than buildings				
Fences	13,126	-	-	13,126
Industrial parks - infrastructure	2,218,744	-	-	2,218,744
Recreational facilities	617,359	-	-	617,359
Roads and bridges	33,474,693	3,359,549	-	36,834,242
Sidewalks & Canopies - Annex	30,000	-	-	30,000
Machinery, furniture, equipment, and vehicles				
Board of County Commissioners	5,097,848	229,648	162,077	5,165,419
Sheriff	<u>2,874,679</u>	<u>79,953</u>	<u>687,684</u>	<u>2,266,948</u>
Total capital assets being depreciated	<u>52,928,063</u>	<u>4,038,528</u>	<u>849,761</u>	<u>56,116,830</u>
Less accumulated depreciation for:				
Buildings and improvements	2,991,595	132,210	-	3,123,805
Improvements other than buildings				
Fences	12,017	380	-	12,397
Industrial park - infrastructure	324,885	44,375	-	369,260
Recreational facilities	115,742	25,989	-	141,731
Roads	10,432,075	1,676,249	-	12,108,324
Sidewalks & Canopies - Annex	12,000	1,500	-	13,500
Machinery, furniture, equipment, and vehicles				
Board of County Commissioners	4,159,945	315,652	162,077	4,313,520
Sheriff	<u>2,192,702</u>	<u>177,481</u>	<u>680,170</u>	<u>1,690,013</u>
Total accumulated depreciation	<u>20,240,961</u>	<u>2,373,836</u>	<u>842,247</u>	<u>21,772,550</u>
Total capital assets being depreciated net	<u>32,687,101</u>	<u>1,664,692</u>	<u>7,514</u>	<u>34,344,279</u>
Governmental activity capital assets, net	<u>\$ 35,187,163</u>	<u>\$ 4,718,639</u>	<u>\$ 3,727,833</u>	<u>\$ 36,177,969</u>
	Balance <u>10/1/2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>9/30/2013</u>
Business-type activities				
Capital assets not being depreciated				
Land	<u>\$ 267,366</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 267,366</u>
Capital assets being depreciated				
Buildings and landfill improvements	3,882,537	-	-	3,882,537
Water/wastewater plant	5,856,702	-	-	5,856,702
Equipment	<u>931,748</u>	<u>15,965</u>	<u>-</u>	<u>947,713</u>
Total capital assets being depreciated	<u>10,670,987</u>	<u>15,965</u>	<u>-</u>	<u>10,686,952</u>
Less accumulated depreciation for				
Buildings and improvements	1,871,865	95,113	-	1,966,978
Water/wastewater plant	585,670	292,835	-	878,505

Machinery, equipment, furniture, and vehicles	<u>1,034,489</u>	<u>69,981</u>	<u>-</u>	<u>1,104,470</u>
Total accumulated depreciation	<u>3,492,024</u>	<u>457,929</u>	<u>-</u>	<u>3,949,953</u>
Total capital assets being depreciated, net	<u>7,178,963</u>	<u>(441,964)</u>	<u>-</u>	<u>6,736,999</u>
Total business-type assets, net	<u>\$ 7,446,329</u>	<u>\$ (441,964)</u>	<u>\$ -</u>	<u>\$ 7,004,365</u>

Depreciation expense was charged to functions as follows:

Governmental activities

Function

General Government

Legislative	\$ 1,476
Financial & administrative	9,211
Other general government	<u>77,104</u>

Total general government 87,791

Public safety

Law enforcement	123,577
Corrections	58,322
Protective inspections	326
Emergency and disaster relief	43,326
Ambulance and rescue services	<u>69,647</u>

Total public safety 295,198

Transportation

Road and street	<u>1,865,341</u>
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Economic environment

Industry development	<u>44,375</u>
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Human services

Health	4,717
Public assistance	<u>1,476</u>

Total human services 6,193

Culture/recreation

Libraries	12,751
Parks and recreation	56,331
Cultural services	<u>4,539</u>

Total culture/recreation 73,621

Court related expenditures

Clerk of Courts - Circuit	<u>1,317</u>
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Totals \$ 2,373,836

Business-type activities

Function

Physical environment

Garbage/solid waste control services	\$ 165,094
Water/sewer combination services	<u>292,835</u>

Total physical environment \$ 457,929

NOTE 5. LONG-TERM OBLIGATIONS

CAPITAL LEASES

The County leases equipment with a historical cost and accumulated depreciation of \$842,286 and \$527,253, respectively. The amounts are included in the County’s capital asset depreciation. Information on the County’s capital leases is as follows:

Governmental Activities

- A. The Board has an installment payment agreement with Caterpillar Financial Services Corporation for the purchase of a road grader. The agreement calls for four annual payments of \$18,290 and a final payment of \$99,000. All payments include interest of 4.74%.
- B. The Board has an installment payment agreement with Caterpillar Financial Services Corporation for the purchase of a Caterpillar 120M road grader. The agreement requires five payments of \$15,804 and a final payment of \$106,280. The payments include interest of 3.50%.
- C. The Board has an installment payment agreement with Caterpillar Financial Services Corporation for the purchase of two Caterpillar 12H Motor Graders. The financing agreement requires six annual payments: five in the amount of \$19,229 and a final payment of \$95,000. The payments include interest of 4.40%.
- D. The Board has an installment payment agreement with Ring Investments, LLC for the purchase of a Caterpillar 120M road grader. The agreement requires five payments of \$15,804 and a final payment of \$106,280. The payments include interest of 3.50%.
- E. The Board has an installment payment agreement with Caterpillar Financial Services Corporation for the purchase of a Caterpillar 120M road grader. The agreement requires five payments of \$15,229 and a final payment of \$125,000. The payments include interest of 3.20%.

Business-type Activities

- F. The Board had an installment payment agreement with John Deere Credit for the purchase of a John Deere Model 850J Crawler Dozer. The financing agreement required five annual payments of \$54,867. The payments include interest of 5.00%. The final payment on the agreement was made during the year ending September 30, 2013.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at September 30, 2013:

Year Ending September 30,	Governmental Activities	Business-type Activities	Total
2014	\$ 236,836	\$ -	\$ 236,836
2015	46,836	-	46,836
2016	235,228	-	235,228
2017	125,000	-	125,000
2018	<u>-</u>	<u>-</u>	<u>-</u>
Total minimum lease payments	643,900	-	643,900
Less: amount representing interest	<u>(50,323)</u>	<u>-</u>	<u>(50,323)</u>
Present value of future minimum lease payments	<u>\$ 593,577</u>	<u>\$ -</u>	<u>\$ 593,577</u>

Changes in Long-Term Obligations

During the year ended September 30, 2013, the following changes occurred in the County's long-term obligations:

Governmental Activities

<u>Long-term Obligations</u>	Balance October 1,			Balance	Amounts
	<u>2012</u>	<u>Additions</u>	<u>Deletions</u>	September 30, <u>2013</u>	Due Within <u>One Year</u>
Capital leases	\$ 749,070	\$ -	\$ 155,493	\$ 593,577	\$ 214,882
Compensated absences	<u>741,854</u>	<u>488,431</u>	<u>441,762</u>	<u>788,523</u>	<u>221,728</u>
Totals	<u>\$ 1,490,924</u>	<u>\$ 488,431</u>	<u>\$ 597,255</u>	<u>\$ 1,382,100</u>	<u>\$ 436,610</u>

Business-type

<u>Obligations</u>	Balance October 1,			Balance	Amounts
	<u>2012</u>	<u>Additions</u>	<u>Deletions</u>	September 30, <u>2013</u>	Due Within <u>One Year</u>
Estimated liability for landfill closure	\$ 2,166,314	\$ -	\$ 203,204	\$ 1,963,110	\$ -
Capital leases	52,197	-	52,197	-	-
Compensated absences	<u>18,285</u>	<u>15,730</u>	<u>16,139</u>	<u>17,876</u>	<u>17,876</u>
	<u>\$ 2,236,796</u>	<u>\$ 15,730</u>	<u>\$ 271,540</u>	<u>\$ 1,980,986</u>	<u>\$ 17,876</u>

NOTE 6. INTERFUND ACTIVITIES

Interfund receivable and payables at September 30, 2013, are as follows:

<u>Major Funds</u>	Interfund <u>Receivables</u>	Interfund <u>Payables</u>
General	\$ 91,835	\$ 25,507
Transportation Trust	<u>-</u>	<u>1,519</u>
Total major funds	<u>91,835</u>	<u>27,026</u>
<u>Nonmajor Funds</u>		
Fine and forfeiture	4,631	-
Fine and forfeiture (Clerk)	2,251	-
Public Records Modernization Trust	-	2,251
Sheriff's Emergency Management	<u>-</u>	<u>38,908</u>
Total nonmajor funds	<u>6,882</u>	<u>41,159</u>
<u>Fiduciary Funds (Agency)</u>		
Clerk's Trust	-	14,651
Tax Collector's Trust	-	780
Property Appraiser's Trust	-	15,044
Supervisor of Elections' Trust	<u>-</u>	<u>57</u>
Total nonmajor funds	<u>-</u>	<u>30,532</u>
Total all funds	<u>\$ 98,717</u>	<u>\$ 98,717</u>

Year-end interfund receivables and payables represent year end budget excesses, amounts owed for grant receipts between funds, and short term loans. All balances are expected to be paid in the next fiscal year.

Interfund transfers made during the year ended September 30, 2013 were as follows:

<u>Major Funds</u>	<u>Interfund Transfer In</u>	<u>Interfund Transfers Out</u>
General	\$ 13,198	\$ 338,930
Landfill Enterprise	<u>283,060</u>	<u>-</u>
Total major funds	<u>296,258</u>	<u>338,930</u>
<u>Nonmajor Funds</u>		
Fine and Forfeiture BCC	-	13,198
Fine and Forfeiture Clerk	7,754	-
SHIP	-	15,584
CDBG	25,000	-
Sheriff's Emergency Management Fund	<u>38,700</u>	<u>-</u>
Total nonmajor funds	<u>71,454</u>	<u>28,782</u>
Total all funds	<u>\$ 367,712</u>	<u>\$ 367,712</u>

The above transfers are budgetary transfers used to support the programs/functions within the various funds.

NOTE 7. INTERFUND ELIMINATIONS

The following interfund eliminations were made in the combined Countywide General Fund:

	<u>Payables</u>	<u>Interfund Receivables</u>
HCBCC	\$ (245,373)	\$ 10,914
Clerk of Courts	-	109,850
Property Appraiser	-	53,662
Sheriff	(10,914)	-
Supervisor of Elections	-	13,619
Tax Collector	<u>-</u>	<u>68,242</u>
Totals	<u>\$ (256,287)</u>	<u>\$ 256,287</u>

	<u>Transfers in</u>	<u>Interfund Transfers out</u>
HCBCC	\$ -	\$ 5,685,973
Clerk of Courts	251,755	-
Property Appraiser	566,891	-
Sheriff	4,676,384	-
Supervisor of Elections	190,943	-
Tax Collector	<u>-</u>	<u>-</u>
Totals	<u>\$ 5,685,973</u>	<u>\$ 5,685,973</u>

NOTE 8. LANDFILL CLOSURE AND POSTCLOSURE COST

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure.

Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each fiscal year end.

At September 30, 2013, \$1,963,110 is reported as the landfill closure and post-closure care liability based on 100% of the Landfill's North and South Cells' capacity having been used at September 30, 2013, and recognition of \$204,538 in closure costs (18.77% of capacity filled) and \$87,281 post-closure costs of the County's Class III cell.

For the North and South Cells, the amount represents the total cumulative liability including an annual adjustment for inflation – no additional amounts remain to be recognized except for annual inflation adjustments.

For the Class III Cell, closure costs of \$885,451 and post-closure costs of \$389,784 are yet to be recognized. The estimated remaining life of the Class III landfill is forty-one years. The estimated amounts are based on what it would cost to perform all closure and annual post-closure care in 2013. Actual costs of post-closure care and closure may be higher because of inflation, changes in technology, or changes in regulations.

The County is required by state and federal laws and regulations to make annual contributions to an escrow account to finance closure. The County is in compliance with these requirements, and at September 30, 2013, restricted deposits of \$1,505,088 were held for this purpose. The deposits are reported as restricted assets on the Proprietary Funds' Statement of Net position.

The County expects future inflation costs to be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post closure care requirements are determined (because of changes in technology or applicable laws and regulations, for example), these costs may need to be covered by charges to future landfill users or from other future County revenues.

NOTE 9. FUND BALANCE REPORTING

GASB has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54) to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the County's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances for governmental funds, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and the principal of permanent or endowment funds. The County does not report inventory in its governmental funds; however, it does record prepaid items when applicable.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on spending constraints:

Restricted – Fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.

Committed – Fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.

Assigned – Fund balances that contain self-imposed constraints of the government to be used for a particular purpose. This category includes any remaining positive amounts, for governmental funds other than the General Fund, not classified as nonspendable, restricted, or committed.

Unassigned – Fund balance of the general fund that is not constrained for any particular purpose.

The County has classified its fund balances with the following hierarchy:

Nonspendable

The County recorded a prepayment in its Public Records Modernization Trust Fund. As a result, it had an amount considered not available for future appropriations and, therefore, classified as non-spendable.

Spendable

The County has classified the spendable fund balance as restricted, assigned, and unassigned. The County does not have a policy regarding the commitment of assignment of fund balances. As such, the County does not report any committed fund balance. When restricted, assigned, and unassigned funds are available for use, the County's procedures are to use the restricted funds first, followed by the assigned funds, and then the unassigned funds.

In accordance with GASB 54, the Board of County Commissioners has assigned fund balance in an amount equivalent to the excess of expected expenditures over expected revenues in the County's General Fund budget for the 2013-14 fiscal year. See below.

At September 30, 2014, the unassigned general fund balance was \$6,775,023 or fifty-nine percent of the General Fund's total expenditures.

A summary of the fund balances at September 30, 2013, is as follows:

Description	General Fund	Transportation Trust Fund	Other Governmental Funds	Total Governmental Funds	Restriction
Fund balances:					
Nonspendable					
Prepaid item	\$ -	\$ -	\$ 15,722	\$ 15,722	GASBS No. 54
Restricted for:					
Capital projects	18,741	-	-	18,741	GASBS No. 34
Transportation	-	1,134,857	-	1,134,857	Florida Statutes Chapters 206 and 207
Other purposes					
Fine & Forfeiture	-	-	353,386	353,386	Florida Statutes 938.15, 932.701, 775.083
SHIP	-	-	312,637	312,637	Florida Statutes 420.9072
Tourist Development	-	-	33,135	33,135	Florida Statutes 125.0104
Public Record Modernization	-	-	57,655	57,655	Florida Statutes 28.24
Inmate Welfare	-	-	155,040	155,040	Florida Statutes 951.23
911 Communications	-	-	375,878	375,878	Florida Statutes 365.172
Assigned	330,669	-	-	330,669	GASBS No. 54
Unassigned	7,092,930	-	-	7,092,930	-
Total fund balance	<u>\$ 7,442,340</u>	<u>\$ 1,134,857</u>	<u>\$ 1,303,453</u>	<u>\$ 9,880,650</u>	

NOTE 10. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State and Federal governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

The County is defendant in various pending or threatened litigation. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County Attorney the resolution of these matters will not have a material adverse effect on the financial condition of the County.

NOTE 11. RISK MANAGEMENT

The County participates in various public entity risk pools for certain of its insurance coverage. Under these insurance risk pools, the County pays annual premiums to the pools for its insurance coverage. The agreements for formation of the pools provide that the pools will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specific amounts.

The County continues to carry commercial insurance for other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The pooling agreements allow for the pools to make additional assessments to make the pools self-sustaining. It is not possible to estimate the amount of such additional assessments, which might have to be paid by the County.

NOTE 12. DEFINED BENEFIT PENSION PLAN

The Florida Retirement System (FRS) is a cost-sharing multiple-employer retirement plan. Benefit provisions are established under Chapter 121, *Florida Statutes*, which may be amended by the Florida Legislature. Beginning in 2002, a defined contribution plan, alternative to the existing defined benefit plan known as the Public Employee Optional Retirement Program or FRS Investment Plan, became available to FRS members.

Membership is compulsory for all full-time and part-time employees working in a regularly established position for the County. Elected County officials may elect not to participate in the System. As established by *Florida Statutes*, Chapter 121, the Florida Retirement System provides vesting of benefits after six years of creditable service. Members are eligible for normal retirement when they have met the minimum requirements for their specific class of membership. Early retirement may be taken any time after vesting; however, there is a 5% benefit reduction for each year prior to normal retirement age.

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

earned. Members may select one of four benefit options at retirement. The System also provides survivor and disability benefits.

Retirement coverage requires an employee contribution of three percent. Effective July 1, 2013, the employer contribution rates were as follows:

Class	Rate
Regular.....	5.18%
Special Risk.....	14.90%
Special Risk Administrative Support.....	5.91%
Elected Officers'	
Judges	11.93%
Governor, Lt. Governor, Cabinet, Legislators, State Attorneys, and Public Defenders	8.53%
Elected County Officials (in EOC).....	10.23%
Senior Management Service.....	6.30%
DROP.....	5.44%

The County's contribution requirement for the year ended September 30, 2013, was as follows:

	Total	Covered	2013 Contributions		Percent of				
			Payroll	Payroll	Employer	Employee	Covered	2012	2011
						Contribution	Contribution	Contribution	Contribution
Tax Collector	\$ 228,052	\$ 228,052	\$ 24,105	\$ 6,842	10.57%	\$ 17,319	\$ 28,492	\$ 29,343	
Supervisor of Elections	120,608	105,553	7,190	915	6.81%	5,172	14,123	15,670	
Property Appraiser	311,613	311,613	23,472	6,817	7.53%	21,876	36,351	37,793	
Sheriff	2,790,540	2,492,102	293,169	63,017	11.76%	259,163	383,903	400,401	
Clerk of Courts	569,003	568,964	42,018	16,038	7.39%	33,197	56,659	57,532	
Board of County Commissioners	<u>2,504,394</u>	<u>2,399,535</u>	<u>205,452</u>	<u>66,036</u>	8.56%	<u>176,605</u>	<u>265,228</u>	<u>282,280</u>	
Totals	<u>\$ 6,524,210</u>	<u>\$ 6,105,819</u>	<u>\$ 595,406</u>	<u>\$ 159,665</u>		<u>\$ 513,332</u>	<u>\$ 784,756</u>	<u>\$ 823,019</u>	

The "actuarial accrued liability" is a standardized measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date intended to help users (1) assess the Florida Retirement Systems' funding status on a going-concern basis, (2) assess progress in accumulating sufficient assets to pay benefits when due, and (3) make comparisons among Public Employee Retirement Systems. The measure is independent of and should not be confused with the actuarial funding method used to determine contributions to the System.

At July 1, 2013, the unfunded actuarial accrued liability for the State of Florida Retirement System, determined through an actuarial valuation performed as of the date was \$(21.622) billion, as follows:

	<u>Billions</u>
Actuarial Accrued Liability	\$ 153.303
Actuarial Value of Assets	<u>131.681</u>
Unfunded Actuarial Accrued Liability	<u>\$ (21.622)</u>
Funded ratio	<u>85.90%</u>

Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75% per year compounded annually; (b) projected salary increases of 5.85% per year (c) inflation of 3.00% per year; and (d) cost of living adjustments at 3.00%.

The Florida Retirement System's Annual Reports 1996-97 through 2011-12 are available online at http://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports

NOTE 13. ECONOMIC DEPENDENCY

Hamilton County, Florida receives a significant portion of revenues, both directly and indirectly from PCS Phosphate Company, Inc. If this taxpayer ceased operations, or otherwise did not pay various taxes and fees, the financial condition of Hamilton County, Florida, could be adversely affected.

NOTE 14. COMMITMENTS

At September 30, 2013, the County had the following construction related commitments:

<u>Construction Contractor</u>	<u>Project</u>	<u>Contract Amount</u>	<u>Paid through September 30, 2013</u>	<u>Remaining Balance</u>
Anderson Columbia	CR 135	\$ 2,907,796	\$ -	\$ 2,907,796
Florida Fill and Grade	White Springs Streets	317,068	295,169	21,899

<u>Administrative & Engineering Services</u>	<u>Project</u>	<u>Contract Amount</u>	<u>Paid through September 30, 2013</u>	<u>Remaining Balance</u>
North Florida Professional Services, Inc.	CR 135 Resurfacing	<u>\$ 155,587</u>	<u>\$ 77,793</u>	<u>\$ 77,794</u>

Rural Health Clinic

The County also has an operating agreement for a Rural Health Clinic with Live Oak HMA, LLC DBA Shands Live Oak Regional Medical Center. The agreement begins on October 16, 2013, and ends October 15, 2016. The agreement renews annually unless either party furnishes notices of non-renewal to the other at least ninety days prior to expiration or renewal.

The County agrees to provide certain insurance coverage and subsidize losses up to the amount of \$160,000 on an annual basis. The Rural Health Clinic is to be operated from 10:00 am until 7:00 pm Tuesday through Saturday except for holidays observed by the Medical Center or parent organization. It is to be adequately staffed consistent with applicable government requirements.

NOTE 15. Current/Future Accounting Pronouncements

The following statements of the Governmental Accounting Standards Board were effective for the County's 2012-13 fiscal year:

- Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*
- Statement No. 61, *The Financial Reporting Entity: Omnibus*
- Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*
- Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

As required, the County adopted the above pronouncements. The financial statements reflect the use of the above pronouncements.

The following statements will be effective for the County's 2013-14 fiscal year:

Statement No. 65, *Items Previously Reported as Assets and Liabilities*
Statement No. 67, *Financial Reporting for Pension Plans*

The County is evaluating the effects that these statements will have on its financial statements for the year ending September 30, 2014.

NOTE 16. SUBSEQUENT EVENTS

Rural Health Clinic

See Note 14 above.

Purchase of Graders

On February 3, 2014, the County purchased two Caterpillar Road Graders. The purchase agreement for the graders, Serial Numbers M9C00377 and M9C00378, requires four payments of \$17239.22 and a fifth and final payment of \$130,000. The payments include interest of 2.8 percent. Should the equipment meet certain maintenance criteria, Ring Investments, LLC guarantees a repurchase in the amount of \$130,000 should the County exercise the option.

County management has evaluated the subsequent events through the date of the audit report – June 3, 2014.

**REQUIRED SUPPLEMENTARY
INFORMATION**

HAMILTON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2013

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balance	\$ 4,881,564	\$ 4,881,564	\$ 6,834,901	\$ 1,953,337
Estimated receipts				
Taxes	7,578,073	7,578,073	8,184,118	606,045
Licenses and permits	62,177	62,177	61,038	(1,139)
Intergovernmental revenues	3,471,643	3,484,587	2,848,336	(636,251)
Charges for services	1,149,467	1,156,967	964,427	(192,540)
Judgments, fines, and forfeits	7,802	7,802	12,021	4,219
Miscellaneous revenues	166,266	189,730	303,883	114,153
Other sources	<u>-</u>	<u>-</u>	<u>13,198</u>	<u>13,198</u>
Total estimated receipts and balances	<u>17,316,992</u>	<u>17,360,900</u>	<u>19,221,922</u>	<u>1,861,022</u>
Appropriations				
General government	3,530,913	3,656,764	3,178,319	(478,445)
Public safety	6,449,603	6,442,926	6,432,477	(10,449)
Physical environment	149,031	149,031	148,769	(262)
Transportation	-	-	-	-
Economic environment	96,622	96,622	117,983	21,361
Human services	431,478	431,478	434,345	2,867
Culture/recreation	1,204,633	1,204,633	892,887	(311,746)
Other uses	5,215,787	5,149,041	338,930	(4,810,111)
Court related	<u>238,925</u>	<u>230,405</u>	<u>235,872</u>	<u>5,467</u>
Total appropriations	<u>17,316,992</u>	<u>17,360,900</u>	<u>11,779,582</u>	<u>(5,581,318)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,442,340</u>	<u>\$ 7,442,340</u>

HAMILTON COUNTY, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
COUNTY TRANSPORTATION TRUST FUND**

For the Year Ended September 30, 2013

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
Budgetary fund balance	\$ 1,056,812	\$ 499,635	\$ 1,555,052	\$ 1,055,417
Estimated receipts				
Taxes	-	823,212	823,212	-
Intergovernmental revenue	4,724,664	3,986,153	3,934,186	(51,967)
Charges for services	1,000	11,133	11,133	-
Miscellaneous revenues	105,435	124,099	124,096	(3)
Other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total estimated receipts and balances	<u>5,887,911</u>	<u>5,444,232</u>	<u>6,447,679</u>	<u>1,003,447</u>
Appropriations				
Transportation				
Roads and bridges				
Personal services	1,310,326	1,286,317	1,278,975	7,342
Operating expenditures	469,757	846,059	846,059	-
Capital outlay	3,312,014	2,990,610	2,990,610	-
Debt service	283,294	184,294	184,294	-
Grants & Aids	12,884	12,884	12,884	-
Other uses	<u>499,636</u>	<u>124,068</u>	<u>-</u>	<u>124,068</u>
Total transportation	<u>5,887,911</u>	<u>5,444,232</u>	<u>5,312,822</u>	<u>131,410</u>
Reserves				
Reserve for contingencies	-	-	-	-
Reserve for cash balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total appropriations	<u>5,887,911</u>	<u>5,444,232</u>	<u>5,312,822</u>	<u>131,410</u>
Budgetary fund balance at year end	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,134,857</u>	<u>\$ 1,134,857</u>

HAMILTON COUNTY, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULES

September 30, 2013

NOTE 1. LEGAL COMPLIANCE - BUDGETS

The County uses the following procedures in establishing the budgetary data reflected in the budgetary comparison schedules.

1. Prior to July 15, the Clerk of the Circuit Court, serving as Budget Officer, submits to the Board of County Commissioners a tentative budget for the fiscal year commencing October 1.
2. Public hearings are conducted by the Board of County Commissioners to obtain taxpayer comments.
3. Prior to September 30, the Board of County Commissioners legally enacts the budget through passage of a resolution.
4. The Board of County Commissioners is authorized to amend fixed appropriations by motion to the extent that appropriations do not exceed the total approved budget of the fund; or appropriate for the special purpose intended, reserves or unanticipated receipts. Appropriations lapse at year end. No supplemental appropriations were necessary during the year. One amendment was made post year-end.
5. Formal budgetary integration is employed as a management control device in all governmental funds.
6. The legally amended budgetary data presented in the accompanying financial statements for the fiscal year ending September 30, 2013, are shown on the County's budgetary basis of accounting. Notes to the major fund budgetary comparison schedules reconcile GAAP basis revenues and expenditures to the budgeted amounts.
7. The County's annual operating budget serves as legal authorization for expenditures and the proposed means of financing them. For the Board of County Commissioners, the legal level of budgetary control is the fund level. Budgetary information is integrated into the accounting system and appropriations are controlled at the account level within each fund for management control purposes.

For the Constitutional Officers, the legal level of budgetary control is the object level code. The Board of County Commissioners approves the operating budgets of the Clerk of the Circuit Court, Sheriff, Tax Collector, Supervisor of Elections, and Property Appraiser during the budgetary process. However, the Tax Collector and Property Appraiser's budgets are also subject to approval by the Florida Department of Revenue.

NOTE 2. BUDGET OVEREXPENDITURE

Contrary to *Florida Statutes* 129.07, the County’s Local Housing Assistance (SHIP) Trust Fund expended amounts greater than budgeted.

Note 3. EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS AND GAAP REVENUES AND EXPENDITURES

	General <u>Fund</u>	County Transportation <u>Trust Fund</u>
Sources/inflows of resources		
Financial statement major funds		
Actual amount (budgetary basis) of the estimated receipts and balances from the budgetary comparison schedules	\$ 19,221,922	\$ 6,447,679
Adjustments		
Budgetary fund balance is an amount available for appropriation but is not considered a revenue for GAAP reporting	(6,834,901)	(1,555,052)
Transfers in are available for appropriation but are not revenues for GAAP reporting	(13,198)	-
Special and extraordinary items are available for appropriation but are not revenues for GAAP reporting	-	(110,000)
Capital lease proceeds are available for appropriation but are not revenues for GAAP reporting	-	-
Total revenues reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 12,373,823</u>	<u>\$ 4,782,627</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total appropriations" from the budgetary comparison schedules	\$ 11,779,582	\$ 5,312,822
Transfers out are appropriations for budgeting purposes but are not expenditures for GAAP reporting	<u>(338,930)</u>	<u>-</u>
Total expenditures reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 11,440,652</u>	<u>\$ 5,312,822</u>

SUPPLEMENTARY INFORMATION

HAMILTON COUNTY, FLORIDA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

September 30, 2013

	<u>Fine & Forfeiture</u>	<u>CDBG</u>	<u>Local Housing (SHIP) Fund</u>	<u>Tourist Development</u>	<u>Public Records Modernization</u>	<u>Clerk's Fine & Forfeiture</u>	<u>Sheriff's Emerg. Mgt.</u>	<u>Sheriff's Inmate Welfare</u>	<u>Sheriff's 911 Commx</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets										
Cash	\$ 348,812	\$ 25,000	\$ 291,496	\$ 32,153	\$ 69,513	\$ 17,665	\$ -	\$ 151,327	\$ 375,878	\$ 1,311,844
Accounts receivable	3	-	800	-	-	-	-	3,766	-	4,569
Interfund receivables	4,631	-	-	-	-	2,251	-	-	-	6,882
Due from other governmental units	-	-	-	1,001	-	-	38,908	-	-	39,909
Prepaid item	-	-	-	-	<u>15,722</u>	-	-	-	-	<u>15,722</u>
Total assets and other debits	<u>\$ 353,446</u>	<u>\$ 25,000</u>	<u>\$ 292,296</u>	<u>\$ 33,154</u>	<u>\$ 85,235</u>	<u>\$ 19,916</u>	<u>\$ 38,908</u>	<u>\$ 155,093</u>	<u>\$ 375,878</u>	<u>\$ 1,378,926</u>
Liabilities and fund balances										
Liabilities										
Accounts payable	\$ 60	\$ -	\$ 4,659	\$ 19	\$ 9,607	\$ 785	\$ -	\$ -	\$ -	\$ 15,130
Interfund payables	-	-	-	-	2,251	-	38,908	-	-	41,159
Due to other governmental units	-	-	-	-	-	19,131	-	-	-	19,131
Other current liabilities	-	-	-	-	-	-	-	<u>53</u>	-	<u>53</u>
Total liabilities	<u>60</u>	<u>-</u>	<u>4,659</u>	<u>19</u>	<u>11,858</u>	<u>19,916</u>	<u>38,908</u>	<u>53</u>	<u>-</u>	<u>75,473</u>
Fund balances										
Nonspendable - prepaid item	-	-	-	-	15,722	-	-	-	-	15,722
Restricted for:										
Other purposes	<u>353,386</u>	<u>25,000</u>	<u>287,637</u>	<u>33,135</u>	<u>57,655</u>	<u>-</u>	<u>-</u>	<u>155,040</u>	<u>375,878</u>	<u>1,287,731</u>
Total fund balances	<u>353,386</u>	<u>25,000</u>	<u>287,637</u>	<u>33,135</u>	<u>73,377</u>	<u>-</u>	<u>-</u>	<u>155,040</u>	<u>375,878</u>	<u>1,303,453</u>
Total liabilities and fund balance	<u>\$ 353,446</u>	<u>\$ 25,000</u>	<u>\$ 292,296</u>	<u>\$ 33,154</u>	<u>\$ 85,235</u>	<u>\$ 19,916</u>	<u>\$ 38,908</u>	<u>\$ 155,093</u>	<u>\$ 375,878</u>	<u>\$ 1,378,926</u>

HAMILTON COUNTY, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended September 30, 2013

	<u>Fine & Forfeiture</u>	<u>CDBG</u>	<u>Local Housing (SHIP) Fund</u>	<u>Tourist Development</u>	<u>Public Records Modernization</u>	<u>Clerk's Fine & Forfeiture</u>	<u>Sheriff's Emerg. Mgt.</u>	<u>Sheriff's Inmate Welfare</u>	<u>Sheriff's 911 Commx</u>	<u>Total Nonmajor Special Revenue Funds</u>
Revenues										
Taxes	\$ -	\$ -	\$ -	\$ 26,945	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,945
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	375,000	-	-	302,307	204,470	-	53,824	935,601
Charges for services	-	-	300	-	14,035	72,240	-	28,569	119,853	234,997
Fines and forfeitures	64,436	-	-	-	44,873	38,953	-	-	-	148,262
Interest	397	-	178	36	-	178	-	261	534	1,584
Miscellaneous	-	-	800	-	-	1,596	-	24	-	2,420
Total revenues	<u>64,833</u>	<u>-</u>	<u>376,278</u>	<u>26,981</u>	<u>58,908</u>	<u>415,274</u>	<u>204,470</u>	<u>28,854</u>	<u>174,211</u>	<u>1,349,809</u>
Expenditures										
Current										
General government	-	-	-	-	43,408	-	-	-	-	43,408
Public safety	42,683	-	-	-	-	-	243,170	35,193	119,411	440,457
Economic environment	-	-	236,342	29,172	-	-	-	-	-	265,514
Court related	-	-	-	-	-	423,028	-	-	-	423,028
Capital outlay	-	-	-	-	-	-	-	20,120	-	20,120
Debt service										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>42,683</u>	<u>-</u>	<u>236,342</u>	<u>29,172</u>	<u>43,408</u>	<u>423,028</u>	<u>243,170</u>	<u>55,313</u>	<u>119,411</u>	<u>1,192,527</u>

(Continued)
See notes to financial statements.

HAMILTON COUNTY, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended September 30, 2013

	Fine & Forfeiture	CDBG	Local Housing (SHIP) Fund	Tourist Development	Public Records Modernization	Clerk's Fine & Forfeiture	Sheriff's Emerg. Mgt.	Sheriff's Inmate Welfare	Sheriff's 911 Commx	Total Nonmajor Special Revenue Funds
Excess (deficiency) of revenues over expenditures	\$ 22,150	\$ -	\$ 139,936	\$ (2,191)	\$ 15,500	\$ (7,754)	\$ (38,700)	\$ (26,459)	\$ 54,800	\$ 157,282
Other financing sources (uses)										
Interfund transfers in	-	25,000	-	-	-	7,754	38,700	-	-	71,454
Interfund transfers out	-	-	(15,584)	-	-	-	-	-	-	(15,584)
Transfers out to Constitutional Officers	(13,198)	-	-	-	-	-	-	-	-	(13,198)
Total other financing sources (uses)	(13,198)	25,000	(15,584)	-	-	7,754	38,700	-	-	42,672
Net change in fund balances	8,952	25,000	124,352	(2,191)	15,500	-	-	(26,459)	54,800	199,954
Fund balances at beginning of year	344,434	-	163,285	35,326	57,877	-	-	181,499	321,078	1,103,499
Fund balances at end of year	\$ 353,386	\$ 25,000	\$ 287,637	\$ 33,135	\$ 73,377	\$ -	\$ -	\$ 155,040	\$ 375,878	\$ 1,303,453

HAMILTON COUNTY, FLORIDA

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS**

September 30, 2013

	Agency Funds									
	<u>Registry of Courts</u>	<u>Bond Estreatures</u>	<u>Clerk's Trust</u>	<u>Child Support</u>	<u>Sheriff's Trust</u>	<u>Inmate Trust</u>	<u>Tax Collector's Trust</u>	<u>Property Appraiser's Trust</u>	<u>Supervisor's Trust</u>	<u>Totals</u>
Assets										
Cash	<u>\$ 46,401</u>	<u>\$ 247,394</u>	<u>\$ 900,426</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,615</u>	<u>\$ 115,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,316,735</u>
Liabilities										
Due to other govt. units	-	-	474,353	-	-	-	106,172	-	-	580,525
Other current liabilities										
Due to others	<u>46,401</u>	<u>247,394</u>	<u>426,073</u>	<u>-</u>	<u>-</u>	<u>6,615</u>	<u>9,727</u>	<u>-</u>	<u>-</u>	<u>736,210</u>
Total liabilities	<u>46,401</u>	<u>247,394</u>	<u>900,426</u>	<u>-</u>	<u>-</u>	<u>6,615</u>	<u>115,899</u>	<u>-</u>	<u>-</u>	<u>1,316,735</u>
Net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HAMILTON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
FINE AND FORFEITURE FUND

For the Year Ended September 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Budgetary/actual fund balance	\$ 291,718	\$ 291,718	\$ 344,434	\$ 52,716
Estimated receipts				
Fines and forfeits				
Judgments and fines	7,500	7,500	5,215	(2,285)
Other fines and/or forfeits	65,405	65,405	59,221	(6,184)
Miscellaneous revenues				
Interest	<u>600</u>	<u>600</u>	<u>397</u>	<u>(203)</u>
Total estimated receipts and balances	<u>365,223</u>	<u>365,223</u>	<u>409,267</u>	<u>44,044</u>
Appropriations				
Public safety				
Emergency and disaster relief services				
Operating expenditures	17,565	17,565	42,683	(25,118)
Other financing uses				
Interfund transfers out	-	-	13,198	(13,198)
Reserves	<u>347,658</u>	<u>347,658</u>	<u>-</u>	<u>347,658</u>
Total appropriations	<u>365,223</u>	<u>365,223</u>	<u>55,881</u>	<u>309,342</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 353,386</u>	<u>\$ 353,386</u>

HAMILTON COUNTY, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
CDBG HOUSING CONSTRUCTION FUND**

For the Year Ended September 30, 2013

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
Budgetary fund balance	\$ -	\$ -	\$ -	\$ -
Estimated receipts				
Intergovernmental revenue				
Federal grants				
Federal housing	700,000	700,000	-	(700,000)
Miscellaneous revenue				
Interest	-	-	-	-
Other miscellaneous	-	-	-	-
Other financing sources				
Interfund transfer in	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>
Total revenues	<u>700,000</u>	<u>700,000</u>	<u>25,000</u>	<u>(675,000)</u>
Appropriations				
Economic environment				
Housing and urban development				
Personal services	-	-	-	-
Operating expenditures	81,000	81,000	-	81,000
Capital outlay	-	-	-	-
Grants and aids	<u>619,000</u>	<u>619,000</u>	<u>-</u>	<u>619,000</u>
Total housing and urban development	<u>700,000</u>	<u>700,000</u>	<u>-</u>	<u>700,000</u>
Other financing uses				
Interfund transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total appropriations	<u>700,000</u>	<u>700,000</u>	<u>-</u>	<u>700,000</u>
Budgetary fund balance at year end	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>

HAMILTON COUNTY, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
LOCAL HOUSING ASSISTANCE (SHIP) TRUST FUND**

For the Year Ended September 30, 2013

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Budget</u>	<u>Budget</u>		
Budgetary fund balance	\$ 130,357	\$ 130,357	\$ 163,285	\$ 32,928
Estimated receipts				
Intergovernmental revenue				
Local Housing Assistance Program	-	-	375,000	375,000
Charges for services				
Hardest Hit Fees	-	-	300	300
Miscellaneous revenues				
Interest	250	250	178	(72)
Miscellaneous revenue	-	-	800	800
Other financing sources				
Interfund transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total estimated receipts and balances	<u>130,607</u>	<u>130,607</u>	<u>539,563</u>	<u>408,956</u>
Appropriations				
Economic environment				
Housing and urban development				
Personal services	-	-	-	-
Operating expenditures	130,607	130,607	236,342	(105,735)
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total housing and urban development	<u>130,607</u>	<u>130,607</u>	<u>236,342</u>	<u>(105,735)</u>
Other financing sources (uses)				
Interfund transfers out	<u>-</u>	<u>-</u>	<u>15,584</u>	<u>(15,584)</u>
Reserves				
Reserve for contingency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total appropriations	<u>130,607</u>	<u>130,607</u>	<u>251,926</u>	<u>(121,319)</u>
Budgetary fund balance at year end	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 287,637</u>	<u>\$ 287,637</u>

HAMILTON COUNTY, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
TOURIST DEVELOPMENT FUND**

For the Year Ended September 30, 2013

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balance	\$ 28,594	\$ 2,191	\$ 35,326	\$ 33,135
Estimated receipts				
Taxes				
Local option tourist development tax	30,000	26,945	26,945	-
Miscellaneous revenues				
Interest	100	36	36	-
Other miscellaneous revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total estimated receipts and balances	<u>58,694</u>	<u>29,172</u>	<u>62,307</u>	<u>33,135</u>
Appropriations				
Economic environment				
Industry development				
Personal services	7,786	6,017	6,017	-
Operating expenditures	45,400	23,155	23,155	-
Capital outlay	1,500	-	-	-
Grants and aids	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total industry development	<u>54,686</u>	<u>29,172</u>	<u>29,172</u>	<u>-</u>
Reserves				
Reserve for contingency	4,008	-	-	-
Reserve for cash balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total reserves	<u>4,008</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total appropriations	<u>58,694</u>	<u>29,172</u>	<u>29,172</u>	<u>-</u>
Budgetary fund balance at year end	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,135</u>	<u>\$ 33,135</u>

COMPLIANCE SECTION

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdcpa@windstream.net

**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***

To the Honorable Board of County Commissioners
Hamilton County, Florida

I 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 Standard* 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 Hamilton County, Florida, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Hamilton County, Florida's basic financial statements, and have issued my report thereon dated June 3, 2014.

Internal Control Over Financial Reporting

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

My 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 my audit I did not identify any deficiencies in internal control that I 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 Hamilton County, Florida's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.



Kenneth M. Daniels
Certified Public Accountant
June 3, 2014

HAMILTON COUNTY, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended September 30, 2013

Federal/State Agency Pass through Entity <u>Federal Program/State Project</u>	CFDA / CSFA <u>Number</u>	Grant/Contract <u>Number</u>	Award <u>Amount</u>	Deferred/Fund Balance <u>10/1/2012</u>	<u>Revenue</u>	<u>Expenditures</u>	Transfers to <u>Subrecipients</u>	Deferred/Fund Balance <u>9/30/2013</u>
Federal Financial Assistance								
United States Department of Agriculture Natural Resources Conservation Service Emergency Watershed Protection Program	10.923	69-4209-12-1779	\$ 178,927	\$ -	\$ 178,927	\$ 178,927	\$ -	\$ -
Department of Homeland Security Florida Division of Emergency Management Emergency Management Performance Grants	97.042	13-FG-86-03-34-01-091	43,486	-	43,486	43,486	-	-
Florida Division of Emergency Management Homeland Security Grant Program	97.067	12-CI-A6-03-34-01-178	4,786	-	2,004	2,004	-	-
Homeland Security Grant Program	97.067	11-DS-9Z-03-34-01-333	<u>49,798</u>	<u>-</u>	<u>49,797</u>	<u>49,797</u>	<u>-</u>	<u>-</u>
Total Homeland Security Grant Program	97.067		<u>54,584</u>	<u>-</u>	<u>51,801</u>	<u>51,801</u>	<u>-</u>	<u>-</u>
United States Department of Health and Human Services Florida Department of Revenue Child Support Enforcement	93.563	CD324	144,361	-	144,361	144,361	-	-
Election Assistance Commission Florida Department of State Help America Vote Act	90.401	Appropriation 2939	-	1,130	1,130	1,130	-	-
Department of Interior, Fish and Wildlife Service Florida Fish and Wildlife Conservation Commission Sport Fish Restoration Program	15.605	-	411,950	-	-	-	-	-
United States Department of Justice Florida Department of Law Enforcement Byrne JAG Program	16.738	2013-JAGC-HAMI-1-D7-044	<u>43,030</u>	<u>-</u>	<u>43,030</u>	<u>43,030</u>	<u>-</u>	<u>-</u>
Total federal assistance			<u>876,338</u>	<u>1,130</u>	<u>462,735</u>	<u>462,735</u>	<u>-</u>	<u>-</u>
State Financial Assistance								
Executive Office of the Governor Division of Emergency Management Emergency Management Programs	31.063	13-BG-06-03-34-01-024	105,806	-	70,275	70,275	-	-
Emergency Management Programs	31.063	14-BG-83-03-34-01-024	<u>105,806</u>	<u>-</u>	<u>38,908</u>	<u>38,908</u>	<u>-</u>	<u>-</u>
Total Emergency Management Programs	31.063		<u>211,612</u>	<u>-</u>	<u>109,183</u>	<u>109,183</u>	<u>-</u>	<u>-</u>
Office of the State Courts Administrator Facilities Grant In Aid	22.004	Specific Appropriation 3247A	-	224,747	10,728	10,728	-	214,019
Florida Department of Health Emergency Medical Services Matching Awards	64.003	M2044	47,600	-	47,600	47,600	-	-

(Continued)
See notes to schedule.

HAMILTON COUNTY, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended September 30, 2013

Federal/State Agency Pass through Entity Federal Program/State Project	CFDA / CSFA Number	Grant/Contract Number	Award Amount	Deferred/Fund Balance 10/1/2012	Revenue	Expenditures	Transfers to Subrecipients	Deferred/Fund Balance 9/30/2013
Florida Department of Transportation								
Small County Road Assistance Program	55.016	430742-1-58-01	\$ 2,968,502.00	\$ -	\$ 52,661.00	\$ 52,661.00	\$ -	\$ -
Small County Outreach Program	55.009	426037-1-58-01	3,359,549	-	2,820,354	2,820,354	-	-
Florida Housing Finance Corporation								
State Housing Initiatives Partnership (SHIP) Program	52.901	-	-	163,286	375,000	251,927	-	286,359
Florida Department of Community Affairs								
Disaster Assistance - Tropical Storm Debby	-	13-DB-73-03-34-02-563	-	-	-	-	-	-
Florida Department of Management Services								
Wireless 911 Emergency Telephone System	72.001	13-4-10	17,250	-	17,250	17,250	-	-
Wireless 911 Emergency Telephone System	72.001	12-10-11	<u>36,574</u>	<u>-</u>	<u>36,574</u>	<u>36,574</u>	<u>-</u>	<u>-</u>
Total Wireless 911 Emergency Telephone System	72.001		<u>53,824</u>	<u>-</u>	<u>53,824</u>	<u>53,824</u>	<u>-</u>	<u>-</u>
Florida Department of Environmental Protection								
Small County Consolidated Grants	37.012	213SC	70,588	-	70,588	70,588	-	-
Florida Department of State and Secretary of State								
State Aid to Libraries	45.030	13-ST-82	<u>238,260</u>	<u>-</u>	<u>238,260</u>	<u>238,260</u>	<u>-</u>	<u>-</u>
Total state financial assistance			<u>6,949,935</u>	<u>388,033</u>	<u>3,778,198</u>	<u>3,655,125</u>	<u>-</u>	<u>500,378</u>
Total financial assistance			<u>\$ 7,826,273</u>	<u>\$ 389,163</u>	<u>\$ 4,240,933</u>	<u>\$ 4,117,860</u>	<u>\$ -</u>	<u>\$ 500,378</u>

Notes to Schedule:

Note 1. Basis of Presentation

The above schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity for Hamilton County, Florida, for the year ended September 30, 2013. The information reported in this schedule is presented in accordance with the requirements of Chapter 10.550 *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of Hamilton County, Florida, it is not intended to and does not present the financial position, changes in net position, or cash flows of Hamilton County, Florida.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting for all governmental funds and accrual for the enterprise funds. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Noncash Assistance

Hamilton County, Florida, expended no federal awards or state projects in the form of noncash assistance, insurance, loans, or loan guarantees.

See notes to schedule.

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdcpa@windstream.net

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

To the Honorable Board of County Commissioners
Hamilton County, Florida

Report on Compliance for Each Major State Project

I have audited Hamilton County, Florida's compliance with the types of compliance requirements described in the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the Hamilton County, Florida's major state projects for the year ended September 30, 2013. The Hamilton County, Florida's major 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 state projects.

Auditor's Responsibility

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

I believe that my audit provides a reasonable basis for my opinion on compliance for each major state project. However, my audit does not provide a legal determination of Hamilton County, Florida's compliance.

Opinion on Each Major State Project

In my opinion, Hamilton County, Florida, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended September 30, 2013.

Report on Internal Control Over Compliance

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

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

My 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Kenneth M. Daniels
Certified Public Accountant
June 3, 2014

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
STATE PROJECTS**

For the Year Ended September 30, 2013

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Hamilton County, Florida (the County).
2. No significant deficiency in internal control was disclosed during the audit of the financial statements or material weakness reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the County were disclosed during the audit.
4. No significant deficiency in internal control over a major state project is reported in the Independent Auditor's Report on Compliance For Each Major State Project and Report on Internal Control Over Compliance Required by Chapter 10.550 *Rules of the Auditor General*.
5. The auditor's report on compliance with requirements that could have a direct and material effect on each major state project for the Hamilton County, Florida, expresses an unqualified opinion.
6. My audit disclosed no findings required to be reported related to the state projects required to be disclosed under Chapter 10.550 *Rules of the Auditor General*.
7. The programs/projects were tested as major programs/projects included the following:

Federal Programs

N/A

Federal CFDA No.

-

State Projects

Small County Outreach Program
State Housing Initiatives Partnership (SHIP)

State CSFA No.

55.009
52.901

8. The threshold for distinguishing Type A and Type B projects was \$300,000 for the major state projects.
9. The determination of a low-risk audit is not applicable to State projects.

B. FINDINGS - FINANCIAL STATEMENTS

There were no prior year findings.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS AND STATE PROJECTS

There were no prior or current year findings or questioned costs for the County's major federal program or state projects.

D. OTHER ISSUES

No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to federal programs or state projects.

No Corrective Action Plan is required because there were no findings required to be reported under the Florida Single Audit Act.

There were no other issues to report.

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdcpa@windstream.net

MANAGEMENT LETTER

To the Honorable Board of County Commissioners
Hamilton County, Florida

I have audited the financial statements of Hamilton County, Florida, as of, and for the fiscal year ended September 30, 2013, and have issued my report thereon dated June 3, 2014.

I conducted my 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 and Chapter 10.550 *Rules of the Auditor General*. I have issued my 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* and Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Control over Compliance Required by Chapter 10.550 *Rules of the Auditor General*, and Schedule of Findings and Questioned Costs – State Projects. Disclosures in those reports, which are dated, June 3, 2014, should be considered in conjunction with this management letter.

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

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

FINDINGS AND RECOMMENDATIONS

Prior year audit findings:

All prior year findings were cleared.

Current year audit findings:

2013-001 Emergency Medical Service (EMS) Billings

Open, active Medicare and Medicaid claims should be processed to determine if rebilling, reclassification, or further information is needed.

From my audit of Medicare and Medicaid claims, I found that of sixty-two open Medicare claims and eighty-nine open Medicaid claims existed at September 30, 2013. At the date of field work (May 8, 2014), eleven open claims remained. The open claims totaled \$7,327.61. No action had been taken on the eleven claims since the original filing or refiling.

Without follow-up, the loss of revenue is almost certain.

To ensure that EMS revenues are maximized, all follow-ups should be performed in a timely manner. Determinations should be made on each open claim to determine the proper handling of the amount – rebill, reclassify, or write-off.

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

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that I address in the management letter any findings and recommendations to improve financial management. In connection with my audit, please see the above findings.

Section 10.554(1)(i)4., *Rules of the Auditor General*, requires that I address violations of laws, regulations, contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with my audit for the year ending September 30, 2013, I did not have any such findings.

Section 10.554(1)(i)5., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. See Note 1. Hamilton County, Florida's, financial statements included no component units.

Section 10.554(1)(i)6.a, *Rules of the Auditor General* requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), *Florida Statutes*, and the identification of the specific condition(s) met. In connection with my audit, I determined that Hamilton County, Florida, did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*.

Section 10.554(1)(i)6.b., *Rules of the Auditor General*, requires that I determine whether the annual financial report for Hamilton County, Florida for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), *Florida Statutes*, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with my audit, I determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), *Rules of the Auditor General*, I applied financial condition assessment procedures. It is management's responsibility to monitor the Hamilton County, Florida's financial condition, and my financial condition assessment was

based in part on representations made by management and the review of financial information provided by same. This assessment was performed as of September 30, 2013.

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

A handwritten signature in black ink, appearing to read "Kenneth M. Daniels". The signature is written in a cursive style with a large initial "K" and a distinct "D".

Kenneth M. Daniels
Certified Public Accountant
June 3, 2014

**COUNTY'S
RESPONSE TO
AUDIT FINDINGS**

BETH BURNAM
District 1 - Jennings

JOSH SMITH
District 2 - Jasper

ROBERT E. BROWN
District 3 - Jasper

RANDY OGBURN
District 4 - White Springs
BUSTER OXENDINE
District 5 - Jasper



Office of
Board Of County Commissioners

GREG GODWIN
Clerk of Courts
JOHN H. McCORMICK
County Attorney

207 Northeast First Street
Room 106
Jasper, Florida 32052
(386) 792-1288
FAX (386) 792-3524

June 6, 2014

Kenneth M. Daniels, CPA
PO Box 1689
Jasper, FL 32052

In Re: 2013 Hamilton County Board of County Commissioners Audit Findings Response

Dear Mr. Daniels:

Please be assured that the goal of the Hamilton County Board of County Commissioners is to provide the citizens of Hamilton County, Florida with the level of accuracy and accountability warranted by the constituents of Hamilton County. All sectors of Management have reviewed the findings of the audit of the operations of the Hamilton County Board of County Commissioners for the fiscal year ending September 30, 2013, and respond herein to the findings:

As to *Management Letter*, Section II, Page 54-56, Current year audit findings, Finding Number 2013-001 – EMS Billings:

Hamilton County Board of County Commissioners respectfully submits the following corrective action plan for the year ended September 30, 2013.

The Board of County Commissioners will ensure that the eleven unpaid claims will be refiled with Medicare and Medicaid.

Sincerely,

A handwritten signature in black ink, appearing to read "Josh Smith", written over a horizontal line.

Josh Smith
Chairman
Hamilton County Board of County Commissioners

A handwritten signature in black ink, appearing to read "Greg Godwin", written over a horizontal line.

Greg Godwin
Clerk of the Circuit Court
In and For Hamilton County, Florida

RO/GG/ra

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdcpa@windstream.net

INDEPENDENT AUDITOR'S REPORT

Honorable Clerk of the Circuit Court
Hamilton County, Florida

Report on the Special Purpose Financial Statements

I have audited the accompanying special purpose financial statements of the Hamilton County Clerk of the Circuit Court, as of and for the year ended September 30, 2013, as listed in the preceding table of contents.

Management's Responsibility for the Special Purpose Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on the special purpose financial statements based on my audit. I conducted my 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 I 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 special purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 special purpose financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Audit Opinion

In my opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the Hamilton County Clerk of the Circuit Court, as of September 30, 2013, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information in Section III pages 12-16 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. I 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 my inquiries, the special purpose financial statements, and other knowledge I obtained during my audit of the special purpose financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hamilton County Clerk of the Circuit Court's special purpose financial statements. The combining statement of fiduciary net position is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining statement of fiduciary net position 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. Such 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 my opinion, the combining statement of fiduciary net position is fairly stated in all material respects in relation to the special purpose financial statements as a whole.

Emphasis of Matter

I draw attention to Note 1 to the financial statements which describes that the accompanying special purpose financial statements were prepared for the purpose of complying with the State of Florida, *Rules of the Auditor General*, Chapter 10.557 and present only the Hamilton County Clerk of the Circuit Court, and is not intended to be a complete presentation of Hamilton County's assets, liabilities, revenues, and expenditures. Hamilton County is the primary government for financial reporting purposes.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 3, 2014, on my consideration of the Hamilton County Clerk of the Circuit Court's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of my 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 Hamilton County Clerk of the Circuit Court's internal control over financial reporting and compliance.



Kenneth M. Daniels
Certified Public Accountant
June 3, 2014

FINANCIAL STATEMENTS

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

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2013

	<u>General Fund</u>	<u>Public Records Modernization Trust Fund</u>	<u>Fine & Forfeiture Fund</u>	<u>Total Governmental Funds</u>
Assets				
Current assets				
Cash	\$ 86,353	\$ 69,513	\$ 17,665	\$ 173,531
Due from other funds	-	-	2,251	2,251
Due from other governmental units				
State of Florida	26,481	-	-	26,481
Prepaid item	<u>-</u>	<u>15,722</u>	<u>-</u>	<u>15,722</u>
Total assets	<u><u>\$ 112,834</u></u>	<u><u>\$ 85,235</u></u>	<u><u>\$ 19,916</u></u>	<u><u>\$ 217,985</u></u>
Liabilities and Fund Balances				
Liabilities				
Current liabilities				
Accounts payable	\$ 2,376	\$ 9,607	\$ 785	\$ 12,768
Due to other funds	-	2,251	-	2,251
Due to other governmental units				
Due to HCBCC - General Fund	109,850	-	-	109,850
Due to State of Florida	-	-	19,131	19,131
Other current liabilities	<u>608</u>	<u>-</u>	<u>-</u>	<u>608</u>
Total liabilities	<u><u>112,834</u></u>	<u><u>11,858</u></u>	<u><u>19,916</u></u>	<u><u>144,608</u></u>
Fund balances				
Nonspendable - prepaid items	-	15,722	-	15,722
Restricted - public records modernization	<u>-</u>	<u>57,655</u>	<u>-</u>	<u>57,655</u>
Total fund balances	<u><u>-</u></u>	<u><u>73,377</u></u>	<u><u>-</u></u>	<u><u>73,377</u></u>
Total liabilities and fund balances	<u><u>\$ 112,834</u></u>	<u><u>\$ 85,235</u></u>	<u><u>\$ 19,916</u></u>	<u><u>\$ 217,985</u></u>

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2013

	<u>General Fund</u>	<u>Public Records Modernization Trust Fund</u>	<u>Fine & Forfeiture Fund</u>	<u>Total Governmental Funds</u>
Revenues				
Intergovernmental revenue				
Federal grant	\$ 144,361	\$ -	\$ -	\$ 144,361
State shared (JAC)	-	-	302,307	302,307
Charges for services				
General government	34,068	14,035	-	48,103
Court related	-	-	72,240	72,240
Fines and forfeits				
Fines	-	44,873	38,953	83,826
Miscellaneous				
Interest	708	-	178	886
Other miscellaneous	<u>9,509</u>	<u>-</u>	<u>1,596</u>	<u>11,105</u>
Total revenues	<u>188,646</u>	<u>58,908</u>	<u>415,274</u>	<u>662,828</u>
Expenditures				
Current				
General government				
Financial and administrative				
Personal services	330,622	-	-	330,622
Operating expenditures	28,052	-	-	28,052
Capital outlay	-	-	-	-
Other general governmental services				
Personal services	56,043	-	-	56,043
Operating expenditures	17,930	43,408	-	61,338
Court related expenditures				
General administration				
Clerk of Court administration				
Personal services	-	-	101,670	101,670
Operating expenditures	-	-	5,750	5,750
Jury management				
Personal services	-	-	1,747	1,747
Operating expenditures	-	-	3,565	3,565
Circuit Court - Criminal				
Clerk of Court				
Personal services	-	-	55,201	55,201
Operating expenditures	-	-	2,769	2,769
Circuit Court - Civil				
Clerk of Court				
Personal services	-	-	47,434	47,434
Operating expenditures	-	-	3,849	3,849
Circuit Court - Juvenile				
Clerk of Court				
Personal services	-	-	14,153	14,153
Operating expenditures	-	-	692	692

(Continued)

See notes to financial statements.

Section III - Page 5

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2013

	<u>General Fund</u>	<u>Public Records Modernization Trust Fund</u>	<u>Fine & Forfeiture Fund</u>	<u>Total Governmental Funds</u>
Expenditures - Court related (continued)				
Circuit Court - Probate				
Clerk of Court				
Personal services	\$ -	\$ -	\$ 5,569	\$ 5,569
Operating expenditures	-	-	286	286
County Court - Criminal				
Clerk of Court				
Personal services	-	-	59,730	59,730
Operating expenditures	-	-	2,702	2,702
County Court - Civil				
Clerk of Court				
Personal services	-	-	25,683	25,683
Operating expenditures	-	-	1,251	1,251
County Court - Traffic				
Clerk of Court				
Personal services	-	-	86,984	86,984
Operating expenditures	-	-	3,993	3,993
Capital outlay				
General government				
Financial and administrative	-	-	-	-
Other general governmental services	-	-	-	-
Total expenditures	<u>432,647</u>	<u>43,408</u>	<u>423,028</u>	<u>899,083</u>
Excess (deficiency) of revenues over expenditures	<u>(244,001)</u>	<u>15,500</u>	<u>(7,754)</u>	<u>(236,255)</u>
Other financing sources in (out)				
Interfund transfer	251,755	-	7,754	259,509
Interfund transfer	<u>(7,754)</u>	<u>-</u>	<u>-</u>	<u>(7,754)</u>
Net other financing sources in (out)	<u>244,001</u>	<u>-</u>	<u>7,754</u>	<u>251,755</u>
Net change in fund balances	-	15,500	-	15,500
Fund balances at beginning of year	<u>-</u>	<u>57,877</u>	<u>-</u>	<u>57,877</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 73,377</u>	<u>\$ -</u>	<u>\$ 73,377</u>

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

**STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS**

September 30, 2013

Assets		
Cash		<u>\$ 1,208,872</u>
Liabilities and net position		
Due to other governmental units		
HCBCC Fine & Forfeiture	\$	14,651
State of Florida		468,423
Municipalities		4,322
Hamilton County School Board		1,608
Due to others		
Deposits		469,253
Due to individuals/others		3,094
Interest payable		127
Cash bond liability		<u>247,394</u>
Total liabilities		<u>1,208,872</u>
Net position	\$	<u>-</u>

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE 1. THE REPORTING ENTITY

Hamilton County is a political subdivision of the State of Florida and, accordingly, is subject to restrictions imposed by the Florida Constitution and Statutes, as well as by its own ordinances. The County is governed by a board of five elected County Commissioners. Additionally, five elected Constitutional Officers operate certain functions of county government in a fiduciary capacity. These officers are the Clerk of the Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections and Tax Collector. The duties of these individual officers and the laws regulating the operations of their offices are detailed in the Florida Constitution and Statutes.

The Clerk of the Circuit Court is an integral part of Hamilton County, the primary government for financial reporting purposes.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Clerk's significant accounting policies is presented to assist the reader in understanding and interpreting the accompanying financial statements.

All references relate to the notes of the basic financial statements in Section II.

A. Basis of Presentation

Fund Financial Statements: The fund financial statements provide information about the Clerk's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds, if any, are aggregated and reported as nonmajor funds.

The Clerk reports the following major funds:

General Fund - This is the Clerk's primary operating fund. It accounts for all financial resources not required to be accounted for in another fund.

Public Records Modernization Fund – This fund accounts for specific revenue sources, which are legally restricted, under *Florida Statutes* 28.2222, to expenditures “for modernizing and improving the storage of, and public access to, public records.”

Fine and Forfeiture Fund – In accordance with *Florida Statutes* 142.01, the Clerk of the Circuit Court established this fund to assist in the accounting of court-related functions.

The Clerk reports the following fund types:

Agency Funds – These funds account for monies (fines, forfeits, bonds, child support payments, tax deed proceeds, court-ordered deposits) received, held, and disbursed to other governmental units and individuals.

The following Agency Funds are maintained:

Child Support Fund
Registry of Court
Bond Estreatures Fund
Trust Fund

B. Measurement Focus and Basis of Accounting

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Clerk considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Governmental payments, fees, and interest are susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the Clerk funds certain programs by a combination of specific cost reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Clerk's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

C. Deposits

See Note 2 at Section II.

In accordance with GASB 34, \$14,651 of cash held in the Clerk's Agency funds was reclassified from interfund payables into cash at the government-wide financial statements.

D. Receivables/Due from other governments

At September 30, 2013, the Clerk was owed the following amounts:

	<u>General Fund</u>	<u>Description</u>
State of Florida	\$ <u>26,481</u>	Child Support Enforcement Grant

E. Inventories

It is the policy of the Clerk of the Circuit court to record the acquisition of supplies as expenditures at the time of purchase. The amount of supplies on hand at any one time would be a nominal amount and considered to be immaterial.

F. Capital Assets

The Clerk of the Circuit Court reports purchased assets at cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add value to the asset or materially extend the assets' lives are not capitalized. The Clerk's fixed asset purchases, in excess of \$1,000, are capitalized and reported at the county wide financial statement level. For estimated lives and detailed depreciation information, see Note 4 Section II.

G. Due to Other Governments

Based on the legal opinion provided by Clerks of Court Operations Corporation general counsel of the provisions of Section 28.37(3), F.S., which was adopted as policy by the CCOC Finance and Budget Committee, all excess court-related funds have been included in a fund liability, Due to Other Governments.

At September 30, 2013, this balance was \$19,131 and is reported in the Clerk's Fine and Forfeiture Fund.

H. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. The Clerk of the Circuit Court follows the County's policy with regards to annual and sick leave. Full-time, permanent employees are granted vacation benefits in varying amounts ranging from twelve to twenty days per year depending on length of service. Sick leave accrues to full-time, permanent employees at a rate of one day per month. Generally, after one year of service, employees are entitled to a percentage of their sick leave and accrued vacation subject to limitation. The maximum amount of vacation leave that may be carried over annually is 240 hours. Employees who accumulate amounts in excess of the 240 hours must take the time off or forfeit it. The Clerk (County) allows unlimited accumulation of sick leave.

In the governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the Board of County Commissioner's fund that will pay for them. The remainder of the compensated absences is reported as a long-term liability at the county wide financial statement level. See Note 5 Section II.

NOTE 2. DEFINED BENEFIT PENSION PLAN

See Note 12 at Section II.

NOTE 3. INTERFUND BALANCES AND ACTIVITY

Transfers from the Hamilton County Board of County Commissioners at September 30, 2013, into the Clerk's General Fund are as follows:

Interfund balances and Activity

Due to/from other funds

Public Records Modernization Trust	\$ (2,251)	Reimbursement of supplies
Fine & Forfeiture	2,251	See above.

Budgetary transfers from BCC

General Fund	<u>\$ 251,755</u>	Budgeted transfers
--------------	-------------------	--------------------

A transfer was also made from the Clerk's General Fund into the Clerk's Fine & Forfeiture Fund in the amount of \$7,754 to fund employee raises.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenue				
Federal grant	\$ 160,000	\$ 160,000	\$ 144,361	\$ (15,639)
Charges for services				
General government	35,000	35,000	34,068	(932)
Miscellaneous				
Interest	800	800	708	(92)
Other miscellaneous	<u>8,550</u>	<u>8,550</u>	<u>9,509</u>	<u>959</u>
Total revenues	<u>204,350</u>	<u>204,350</u>	<u>188,646</u>	<u>(15,704)</u>
Expenditures				
General government				
Financial and administrative				
Personal services	324,028	329,829	330,622	(793)
Operating expenditures	35,500	27,765	28,052	(287)
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total financial and administrative	<u>359,528</u>	<u>357,594</u>	<u>358,674</u>	<u>(1,080)</u>
Other general government services				
Personal services	55,927	56,043	56,043	-
Operating expenditures	35,500	17,930	17,930	-
Capital outlay	-	-	-	-
Other uses	<u>115,000</u>	<u>126,634</u>	<u>-</u>	<u>126,634</u>
Total financial and administrative	<u>206,427</u>	<u>200,607</u>	<u>73,973</u>	<u>126,634</u>
Total expenditures	<u>565,955</u>	<u>558,201</u>	<u>432,647</u>	<u>125,554</u>
Excess (deficiency) of revenues over expenditures	<u>(361,605)</u>	<u>(353,851)</u>	<u>(244,001)</u>	<u>109,850</u>
Other financing sources				
Interfund transfer out - Clerk's F&F	-	(7,754)	(7,754)	-
Interfund transfer in - HCBCC	<u>361,605</u>	<u>361,605</u>	<u>251,755</u>	<u>(109,850)</u>
Total other financing sources	<u>361,605</u>	<u>353,851</u>	<u>244,001</u>	<u>(109,850)</u>
Net change in fund balance	-	-	-	-
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**BUDGETARY COMPARISON SCHEDULE - PUBLIC RECORDS
MODERNIZATION TRUST FUND**

For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>			<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>			
Budgetary fund balance, beginning	\$ -	\$ -	\$ -	\$ -	\$ -
Resources (inflows)					
Charges for services					
General government	14,100	14,100	14,035		(65)
Judgments, fines, and forfeits					
Fines	44,900	44,900	44,873		(27)
Miscellaneous revenues					
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total amounts available for appropriation	<u>\$ 59,000</u>	<u>\$ 59,000</u>	<u>\$ 58,908</u>	<u>\$ (92)</u>	
Charges to appropriations (outflows)					
General government					
Operating expenditures	\$ 59,000	\$ 59,000	\$ 43,408		\$ 15,592
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general government	<u>59,000</u>	<u>59,000</u>	<u>43,408</u>	<u>15,592</u>	
Budgeted/ending reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total appropriations and reserves	<u>\$ 59,000</u>	<u>\$ 59,000</u>	<u>\$ 43,408</u>	<u>\$ 15,592</u>	

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

BUDGETARY COMPARISON SCHEDULE - FINE AND FORFEITURE FUND

For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive <u>(Negative)</u>
Revenues				
Intergovernmental revenue				
General government	\$ 408,323	\$ 408,323	\$ 302,307	\$ (106,016)
Charges for services				
Court related	-	-	111,193	111,193
Miscellaneous				
Interest	-	-	178	178
Other miscellaneous	-	-	1,596	1,596
Total revenues	<u>408,323</u>	<u>408,323</u>	<u>415,274</u>	<u>6,951</u>
Expenditures				
Court related expenditures				
General administration				
Clerk of Court administration				
Personal services	109,823	109,823	101,670	8,153
Operating expenditures	1,500	1,500	5,750	(4,250)
Other uses	-	-	-	-
Jury management				
Personal services	1,705	1,705	1,747	(42)
Operating expenditures	2,200	2,200	3,565	(1,365)
Circuit Court - Criminal				
Clerk of Court				
Personal services	45,749	45,749	55,201	(9,452)
Operating expenditures	817	817	2,769	(1,952)
Circuit Court - Civil				
Clerk of Court				
Personal services	53,332	53,332	47,434	5,898
Operating expenditures	2,500	2,500	3,849	(1,349)
Circuit Court - Juvenile				
Clerk of Court				
Personal services	13,879	13,879	14,153	(274)
Operating expenditures	500	500	692	(192)
Circuit Court - Probate				
Clerk of Court				
Personal services	5,453	5,453	5,569	(116)
Operating expenditures	250	250	286	(36)
County Court - Criminal				
Clerk of Court				
Personal services	58,249	58,249	59,730	(1,481)
Operating expenditures	1,000	1,000	2,702	(1,702)
County Court - Civil				
Clerk of Court				
Personal services	25,205	25,205	25,683	(478)
Operating expenditures	500	500	1,251	(751)

(Continued)

See notes to budgetary comparison schedule. Section III – Page 14

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

BUDGETARY COMPARISON SCHEDULE - FINE AND FORFEITURE FUND

For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Expenditures - Court related (continued)				
County Court - Traffic				
Clerk of Court				
Personal services	\$ 84,661	\$ 84,661	\$ 86,984	\$ (2,323)
Operating expenditures	<u>1,000</u>	<u>1,000</u>	<u>3,993</u>	<u>(2,993)</u>
Total expenditures	<u>408,323</u>	<u>408,323</u>	<u>423,028</u>	<u>(14,705)</u>
Excess (deficiency) of revenues over expenditures	-	-	(7,754)	(7,754)
Other financing sources				
Interfund transfer in - Clerk	<u>-</u>	<u>-</u>	<u>7,754</u>	<u>7,754</u>
Net change in fund balance	-	-	-	-
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

NOTES TO BUDGETARY COMPARISON SCHEDULES

September 30, 2013

NOTE 1. BUDGET

The Clerk of the Circuit Court in accordance with *Florida Statutes* Chapters 28.36 and 218.35 adopts budgets for all governmental funds. All annual appropriations lapse at fiscal year end.

Per *Florida Statutes* 218.35(2), “The clerk of the circuit court, functioning in his or her capacity as clerk of the circuit and county courts and as clerk of the board of county commissioners, shall prepare his or her budget in two parts:

- (a) The budget for funds necessary to perform court-related functions as provided in s. 28.36.
- (b) The budget relating to the requirements of the clerk as clerk of the board of county commissioners, county auditor, and custodian or treasurer of all county funds and other county-related duties, which shall be annually prepared and submitted to the board of county commissioners pursuant to s. 129.03(2), for each fiscal year.”

The appropriated budget is prepared by fund, function, department, and object code. For the non-court related departments, the legal level of budgetary control is the object code level. Transfers of appropriations between object codes for non-court related departments require the approval of the Hamilton County Board of County Commissioners.

For the court-related departments, the fund level is the legal level of budgetary control.

The Clerk of the Circuit Court made one supplemental budgetary appropriation during the year ended September 30, 2013.

NOTE 2. BUDGET OVEREXPENDITURE

The Clerk’s Fine and Forfeiture Fund expenditures exceeded the budgeted amounts by \$14,705.

SUPPLEMENTARY INFORMATION

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

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS**

September 30, 2013

	Agency Funds				<u>Totals</u>
	<u>Registry of Courts</u>	<u>Bond Estreatures</u>	<u>Clerk's Trust</u>	<u>Child Support</u>	
Assets					
Cash	<u>\$ 46,401</u>	<u>\$ 247,394</u>	<u>\$ 915,077</u>	<u>\$ -</u>	<u>\$ 1,208,872</u>
Liabilities and net position					
Due to other governmental units					
HCBC Fine & Forfeiture	\$ -	\$ -	\$ 14,651	\$ -	\$ 14,651
State of Florida	-	-	468,423	-	468,423
Municipalities	-	-	4,322	-	4,322
Hamilton County School Board	-	-	1,608	-	1,608
Due to others					
Deposits	46,274	-	422,979	-	469,253
Due to individuals/others	-	-	3,094	-	3,094
Interest payable	127	-	-	-	127
Cash bond liability	<u>-</u>	<u>247,394</u>	<u>-</u>	<u>-</u>	<u>247,394</u>
Total liabilities	<u>46,401</u>	<u>247,394</u>	<u>915,077</u>	<u>-</u>	<u>1,208,872</u>
Net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COMPLIANCE SECTION

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdcpa@windstream.net

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

To the Honorable Clerk of the Circuit Court
Hamilton County, Florida

I 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 special purpose financial statements of the Hamilton County Clerk of the Circuit Court, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Hamilton County Clerk of the Circuit Court's special purpose financial statements, and have issued my report thereon dated June 3, 2014.

Internal Control Over Financial Reporting

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

My 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 my audit I did not identify any deficiencies in internal control that I 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 Hamilton County Clerk of the Circuit Court's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.



Kenneth M. Daniels
Certified Public Accountant
June 3, 2014

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdcpa@windstream.net

MANAGEMENT LETTER

To the Honorable Clerk of the Circuit Court
Hamilton County, Florida

I have audited the special purpose financial statements of the Clerk of the Circuit Court, Hamilton County, Florida as of and for the fiscal year ended September 30, 2013, and have issued my report thereon dated June 3, 2014.

I conducted my audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. I have issued my 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*. Disclosures in that report, which is dated June 3, 2014, should be considered in conjunction with this management letter.

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

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

Current Year Findings

2013-001 Tax Deeds

Proceeds from the sales of tax deeds should be turned over to the State as abandoned property if not paid out per *Florida Statutes* 197.582(2).

Amounts remain in the Clerk's Trust Fund undistributed after all fees and proceeds have been disbursed. The remaining balance is the residual amount above the fees and liabilities.

Due to the uncertainty surrounding the funds, the funds have not been previously disbursed. The retaining of the funds is contrary to *Florida Statutes*.

To comply with *Florida Statutes* 197.582(2) and/or 197.473, the Clerk should remit the excess to the State of Florida as abandoned property.

2013-002 Cash Bonds

Bonds held in trust by the Clerk should be reviewed and a determination made that amounts held relate to an active case.

The Clerk's Chief Deputy Clerk provided research on approximately ten of the cases recorded in the Bond Estreature Fund existing from 1996 through current. Two could not be located and others had a restitution balance.

Although a listing of cases has been maintained, further processing as the case progressed has not been performed on a number of the older amounts held. The result is funds being held which could be estreated or disbursed according to the County Judge's rulings.

To determine the status of funds held in the Cash Bonds Trust, I recommend that all amounts be traced to a case. For those questionable amounts, remit to the County Judge for review. Once judgment is made, the funds can be disbursed in accordance with the Judge's rulings.

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

Section 10.554(1)(i)3. *Rules of the Auditor General*, requires that I address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. In connection with my audit, I did not have any such recommendations.

Section 10.554(1)(e)4., *Rules of Auditor General*, requires that I address noncompliance with provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with my audit, I did not have any such findings.

Section 10.554(1)(i)5., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. See Note 1 in Section II.

Section 10.554(1)(i)7., *Rules of the Auditor General*, requires a statement as to whether or not the Clerk of the Courts complied with the requirements of Sections 28.35 and 28.36 *Florida Statutes*. In connection with my audit, I determined that the Clerk complied with such requirements.

This management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Hamilton County Clerk of the Circuit Court, Hamilton County Board of County Commissioners, and County Management and is not intended to be and should not be used by anyone other than these specified parties.



Kenneth M. Daniels
Certified Public Accountant
June 3, 2014

**CLERK'S
RESPONSE TO
AUDIT FINDINGS**

Greg Godwin

CLERK OF CIRCUIT COURT OF HAMILTON COUNTY



ROOM 106 * 207 NORTHEAST FIRST STREET * JASPER, FLORIDA 32052 * (386) 792-1288

June 6, 2014

Kenneth M. Daniels, CPA
PO Box 1689
Jasper, FL 32052

In Re: 2013 Hamilton County Clerk of Circuit Court Audit Findings Response

Dear Mr. Daniels:

Please be assured that the goal of this administration is to provide the citizens of Hamilton County, Florida with the level of accuracy and accountability warranted by the constituents of Hamilton County. Therefore, I have reviewed the findings of the audit of my office for the fiscal year ending September 30, 2013, and respond herein to the findings:

As to *Management Letter*, Section III, Page 20-22, Current year audit findings, Finding Number 2013-001 – Tax Deeds:

The Hamilton County Clerk of Court's office has reviewed the finding and has taken the necessary steps to re-notice all property owners, lienholders and judgment holders that have undistributed funds in the Clerk of Court's Trust Fund. After 90 days, excess proceeds prior to July 1, 2011 will be forwarded to the Hamilton County Board of County Commissioners. All excess proceeds after July 1, 2011 will be refunded to the State of Florida in accordance with *Florida Statutes* 197.582(2) and or 197.473.

As to *Management Letter*, Section III, Page 20-22, Current year audit findings, Finding Number 2013-002 – Cash Bonds:

The Hamilton County Clerk of Court's office has reviewed the finding and will re-submit to the County Judge for review all questionable funds being held in the cash bonds Trust Fund. The funds will be distributed in accordance with the Judge's ruling.

Sincerely,

A handwritten signature in black ink, appearing to be 'Greg Godwin', written over a horizontal line.

Greg Godwin
Clerk of the Circuit Court
In and For Hamilton County, Florida

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdcpa@windstream.net

INDEPENDENT AUDITOR'S REPORT

Honorable Property Appraiser
Hamilton County, Florida

Report on the Special Purpose Financial Statements

I have audited the accompanying special purpose financial statements of the Hamilton County Property Appraiser, as of and for the year ended September 30, 2013, as listed in the preceding table of contents.

Management's Responsibility for the Special Purpose Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on the special purpose financial statements based on my audit. I conducted my 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 I 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 special purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 special purpose financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Audit Opinion

In my opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the Hamilton County Property Appraiser, as of September 30, 2013, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information in Section IV pages 11-12 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. I 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 my inquiries, the special purpose financial statements, and other knowledge I obtained during my audit of the special purpose financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Emphasis of Matter

I draw attention to Note 1 to the financial statements which describes that the accompanying special purpose financial statements were prepared for the purpose of complying with the State of Florida, *Rules of the Auditor General*, Chapter 10.557 and present only the Hamilton County Property Appraiser, and is not intended to be a complete presentation of Hamilton County's assets, liabilities, revenues, and expenditures. Hamilton County is the primary government for financial reporting purposes.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 3, 2014, on my consideration of the Hamilton County Property Appraiser's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of my 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 Hamilton County Property Appraiser's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read 'Ken M Daniels', written in a cursive style.

Kenneth M. Daniels
Certified Public Accountant
June 3, 2014

FINANCIAL STATEMENTS

**HAMILTON COUNTY, FLORIDA
PROPERTY APPRAISER**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2013

	<u>General Fund</u>
Assets	
Current assets	
Cash	<u>\$ 53,662</u>
Liabilities and fund balance	
Liabilities	
Current liabilities	
Due to other governmental units	
Hamilton County Board of County Commissioners	<u> 53,662</u>
Fund balance - unassigned	<u> -</u>
Total liabilities and fund balance	<u>\$ 53,662</u>

**HAMILTON COUNTY, FLORIDA
PROPERTY APPRAISER**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE
GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2013

	<u>General Fund</u>
Expenditures	
General Government Services	
Personal services	
Executive salaries	\$ 93,733
Regular salaries	217,880
FICA taxes	22,865
Retirement - official	7,192
Retirement employees	8,825
Retirement DROP	7,455
Life and health insurance	<u>52,475</u>
Total personal services	<u>410,425</u>
Operating expenditures	
Professional services - appraisals	31,007
Professional services - legal	2,700
Professional services - appraisals	9,000
Travel	4,946
Communications	4,217
Postage	3,618
Freight	500
Rentals and leases	2,234
Repair and maintenance	34,351
Repair and maintenance - vehicle	3,390
Repair and maintenance - office equipment	4,299
Other current charges	3,874
Office supplies	13,326

(Continued)

See notes to financial statements.

Section IV - Page 5

**HAMILTON COUNTY, FLORIDA
PROPERTY APPRAISER**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE
GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2013

	<u>General Fund</u>
(Operating expenditures continued)	
Data processing	\$ 6,600
Books and memberships	1,974
Association dues	<u>5,029</u>
Total operating expenditures	<u>131,065</u>
Capital outlay	
Equipment	<u>25,401</u>
Total expenditures	<u>566,891</u>
Excess (deficiency) of revenues over expenditures	<u>(566,891)</u>
Other financing sources (uses)	
Interfund transfers - HCBCC	<u>566,891</u>
Net change in fund balance	-
Fund balance at beginning of year	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>

**HAMILTON COUNTY, FLORIDA
PROPERTY APPRAISER**

**STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND**

September 30, 2013

Assets	
Cash	<u>\$ 15,043</u>
Liabilities and net position	
Due to other governments	
Due to HCBCC	<u> 15,043</u>
Net position	<u><u>\$ -</u></u>

**HAMILTON COUNTY, FLORIDA
PROPERTY APPRAISER**

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE 1. THE REPORTING ENTITY

Hamilton County is a political subdivision of the State of Florida incorporated under the authority of Article VIII, Section 1, of the State Constitution and, accordingly, is subject to restrictions imposed by the Florida Constitution and Statutes, as well as by its own ordinances. A board of five elected County Commissioners governs the County. Additionally, five elected Constitutional Officers operate certain functions of county government in a fiduciary capacity. These officers are the Clerk of the Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector. The duties of these individual officers and the laws regulating the operations of their offices are also detailed in the Florida Constitution and Statutes.

The Property Appraiser is an integral part of Hamilton County, the primary government for financial reporting purposes.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Property Appraiser's significant accounting policies is presented to assist the reader in understanding and interpreting the accompanying financial statements.

All references relate to the notes of the basic financial statements in Section II.

A. Basis of Presentation

Fund Financial Statements: The fund financial statements provide information about the Property Appraiser's funds, including its fiduciary fund. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds, if any, are aggregated and reported as nonmajor funds.

The Property Appraiser reports the following major fund:

General Fund - This is the Property Appraiser's primary operating fund. It accounts for all financial resources not required to be accounted for in another fund.

The Property Appraiser reports the following fund type:

Agency Fund – This fund accounts for monies (fees) received, held, and disbursed to other governmental units.

B. Measurement Focus and Basis of Accounting

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Property Appraiser considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Governmental payments, fees, and interest are susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the Property Appraiser funds certain programs by a combination of specific cost reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Property Appraiser's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

C. Deposits

See Note 2 at Section II.

In accordance with GASB 34, \$15,043, of the Property Appraiser's Trust Fund's cash was reclassified into the County's at the County-wide Financial Statement Level.

D. Inventories

It is the policy of the Property Appraiser to record the acquisition of supplies as expenditures at the time of purchase. The amount of supplies on hand at any one time would be a nominal amount and considered to be immaterial.

E. Capital Assets

The Property Appraiser reports purchased assets at cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add value to the asset or materially extend the assets' lives are not capitalized. The Property Appraiser's capital asset purchases, in excess of \$1,000, are capitalized and reported at the county wide financial statement level. The useful lives of the County's depreciable assets are indicated in the government-wide notes to the financial statements. See Note 4 at Section II.

F. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. The Property Appraiser follows the County's policy with regards to annual and sick leave. Full-time, permanent employees are granted vacation benefits in varying amounts ranging from twelve to twenty days per year depending on length of service. Sick leave accrues to full-time,

permanent employees at a rate of one day per month. Generally, after one year of service, employees are entitled to a percentage of their sick leave and accrued vacation subject to limitations. The maximum amount of vacation leave that may be carried over annually is 240 hours. Employees who accumulate amounts in excess of the 240 hours must take the time off or forfeit it. The Property Appraiser (County) allows unlimited accumulation of sick leave.

In the governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as expenditure and fund liability in the Board of County Commissioner's fund that will pay for them. The remainder of the compensated absences is reported as a long-term liability at the county wide financial statement level. See Note 5 Section II.

NOTE 2. DEFINED BENEFIT PENSION PLAN

See Note 12 at Section II.

NOTE 3. INTERFUND ACTIVITY

Transfers from the Hamilton County Board of County Commissioners at September 30, 2013, were as follows:

<u>\$566,891</u>	Budgetary transfers
------------------	---------------------

**REQUIRED SUPPLEMENTARY
INFORMATION**

**HAMILTON COUNTY, FLORIDA
PROPERTY APPRAISER**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues				
Charges for services				
County officer fees	\$ -	\$ -	\$ -	\$ -
Expenditures				
General Government Services				
Personal services	\$ 422,665	\$ 422,665	\$ 410,425	\$ 12,240
Operating expenditures	161,252	158,973	131,065	27,908
Capital Outlay	23,122	25,401	25,401	-
Other uses	<u>12,796</u>	<u>12,796</u>	-	<u>12,796</u>
Total expenditures	<u>619,835</u>	<u>619,835</u>	<u>566,891</u>	<u>52,944</u>
Excess (deficiency) of revenues over expenditures	<u>(619,835)</u>	<u>(619,835)</u>	<u>(566,891)</u>	<u>52,944</u>
Other financing sources (uses)				
Transfers from HCBCC General Fund	<u>619,835</u>	<u>619,835</u>	<u>566,891</u>	<u>(52,944)</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HAMILTON COUNTY, FLORIDA
PROPERTY APPRAISER**

NOTES TO BUDGETARY COMPARISON SCHEDULE

September 30, 2013

NOTE 1. BUDGET

The Property Appraiser in accordance with *Florida Statutes* Chapter 195 adopts a budget for all governmental funds. All annual appropriations lapse at fiscal year end.

Per *Florida Statutes* Chapter 195.087, “On or before June 1 of each year, every property appraiser, regardless of the form of county government, shall submit to the Department of Revenue a budget for the operation of the property appraiser's office for the ensuing fiscal year beginning October 1. The property appraiser shall submit his or her budget in the manner and form required by the department. A copy of such budget shall be furnished at the same time to the board of county commissioners. The department shall, upon proper notice to the county commission and property appraiser, review the budget request and may amend or change the budget request as it deems necessary, in order that the budget be neither inadequate nor excessive. On or before July 15, the department shall notify the property appraiser and the board of county commissioners of its tentative budget amendments and changes. Prior to August 15, the property appraiser and the board of county commissioners may submit additional information or testimony to the department respecting the budget. On or before August 15, the department shall make its final budget amendments or changes to the budget and shall provide notice thereof to the property appraiser and board of county commissioners.”

The appropriated budget is prepared by fund, function, department, and object code. Transfers of appropriations between object codes require the approval of the Florida Department of Revenue.

The legal level of budgetary control is the object code level.

The Property Appraiser made one supplemental budgetary amendment during the year ended September 30, 2013.

Details of Hamilton County's property tax calendar are disclosed at Note 1.L. in Section II.

COMPLIANCE SECTION

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdcpa@windstream.net

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

To the Honorable Property Appraiser
Hamilton County, Florida

I 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 special purpose financial statements of the Hamilton County Property Appraiser, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Hamilton County Property Appraiser's special purpose financial statements, and have issued my report thereon dated June 3, 2014.

Internal Control Over Financial Reporting

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

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

My 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 my audit I did not identify any deficiencies in internal control that I 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 Hamilton County Property Appraiser's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.



Kenneth M. Daniels
Certified Public Accountant
June 3, 2014

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdcpa@windstream.net

MANAGEMENT LETTER

The Honorable Property Appraiser
Hamilton County, Florida

I have audited the special purpose financial statements of the Hamilton County Property Appraiser, as of and for the fiscal year ended September 30, 2013, and have issued my report thereon dated June 3, 2014.

I conducted my audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. I have issued my 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*. Disclosures in that report, which is dated June 3, 2014, should be considered in conjunction with this management letter.

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

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

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

Section 10.554(1)(i)3. *Rules of the Auditor General*, requires that I address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. In connection with my audit, I did not have any such recommendations.

Section 10.554(1)(e)4., *Rules of Auditor General*, requires that I address noncompliance with provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which

warrants the attention of those charged with governance. In connection with my audit, I did not have any such findings.

Section 10.554(1)(i)5., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. See Note 1 in Section II.

This management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Hamilton County Property Appraiser, Hamilton County Board of County Commissioners, and County Management and is not intended to be and should not be used by anyone other than these specified parties.



Kenneth M. Daniels
Certified Public Accountant
June 3, 2014

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdcpa@windstream.net

INDEPENDENT AUDITOR'S REPORT

Honorable Sheriff
Hamilton County, Florida

Report on the Special Purpose Financial Statements

I have audited the accompanying special purpose financial statements of the Hamilton County Sheriff, as of and for the year ended September 30, 2013, as listed in the preceding table of contents.

Management's Responsibility for the Special Purpose Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on the special purpose financial statements based on my audit. I conducted my 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 I 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 special purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 special purpose financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Audit Opinion

In my opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the Hamilton County Sheriff, as of September 30, 2013, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information in Section V pages 11-17 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. I 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 my inquiries, the special purpose financial statements, and other knowledge I obtained during my audit of the special purpose financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hamilton County Sheriff's special purpose financial statements. The combining statement of fiduciary net position is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining statement of fiduciary net position is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the special purpose financial statements. Such 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 my opinion, the combining statement of fiduciary net position is fairly stated in all material respects in relation to the special purpose financial statements as a whole.

Emphasis of Matter

I draw attention to Note 1 to the financial statements which describes that the accompanying special purpose financial statements were prepared for the purpose of complying with the State of Florida, *Rules of the Auditor General*, Chapter 10.557 and present only the Hamilton County Sheriff, and is not intended to be a complete presentation of Hamilton County's assets, liabilities, revenues, and expenditures. Hamilton County is the primary government for financial reporting purposes.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 3, 2014, on my consideration of the Hamilton County Sheriff's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of my 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 Hamilton County Sheriff's internal control over financial reporting and compliance.



Kenneth M. Daniels
Certified Public Accountant
June 3, 2014

FINANCIAL STATEMENTS

**HAMILTON COUNTY, FLORIDA
SHERIFF**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2013

	<u>General Fund</u>	<u>Inmate Welfare Fund</u>	<u>911 Communications Fund</u>	<u>Emergency Management Fund</u>	<u>Total Governmental Funds</u>
Assets					
Current assets					
Cash	\$ 18,928	\$ 151,327	\$ 375,878	\$ -	\$ 546,133
Accounts receivable	-	3,766	-	-	3,766
Interfund receivables					
Emergency Management Fund	37,849	-	-	-	37,849
Due from other governmental units					
HCBCC	12,433	-	-	-	12,433
State of Florida	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,908</u>	<u>38,908</u>
Total assets	<u><u>\$ 69,210</u></u>	<u><u>\$ 155,093</u></u>	<u><u>\$ 375,878</u></u>	<u><u>\$ 38,908</u></u>	<u><u>\$ 639,089</u></u>
Liabilities and Fund Balances					
Liabilities					
Current liabilities					
Accounts payable	\$ 43,703	\$ -	\$ -	\$ -	\$ 43,703
Interfund payables					
General Fund	-	-	-	37,849	37,849
Due to other governmental units					
HCBCC - General Fund	25,507	-	-	1,059	26,566
Other current liabilities	<u>-</u>	<u>53</u>	<u>-</u>	<u>-</u>	<u>53</u>
Total liabilities	<u><u>69,210</u></u>	<u><u>53</u></u>	<u><u>-</u></u>	<u><u>38,908</u></u>	<u><u>108,171</u></u>
Fund balances					
Restricted for:					
Other purposes	<u>-</u>	<u>155,040</u>	<u>375,878</u>	<u>-</u>	<u>530,918</u>
Total liabilities and fund balances	<u><u>\$ 69,210</u></u>	<u><u>\$ 155,093</u></u>	<u><u>\$ 375,878</u></u>	<u><u>\$ 38,908</u></u>	<u><u>\$ 639,089</u></u>

**HAMILTON COUNTY, FLORIDA
SHERIFF**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2013

	General <u>Fund</u>	Inmate Welfare <u>Fund</u>	911 Communications <u>Fund</u>	Emergency Management <u>Fund</u>	Total Governmental <u>Funds</u>
Revenues					
Intergovernmental	\$ 7,145	\$ -	\$ 53,824	\$ 204,470	\$ 265,439
Charges for services	-	28,569	119,853	-	148,422
Interest	-	261	534	-	795
Miscellaneous revenues	<u>36,430</u>	<u>24</u>	<u>-</u>	<u>-</u>	<u>36,454</u>
Total revenues	<u>43,575</u>	<u>28,854</u>	<u>174,211</u>	<u>204,470</u>	<u>451,110</u>
Expenditures					
Current					
Public safety					
Law enforcement					
Personal services	1,656,128	-	-	-	1,656,128
Operating expenditures	516,227	-	-	-	516,227
Corrections					
Personal services	1,560,711	-	-	-	1,560,711
Operating expenditures	440,508	35,193	-	-	475,701
Emergency services					
Emergency management					
Personal services	-	-	-	106,905	106,905
Operating expenditures	-	-	-	130,769	130,769
911 Mapping					
Operating expenditures	-	-	-	5,496	5,496
Emergency communications					
Personal services	469,246	-	-	-	469,246
Operating expenditures	9,723	-	119,411	-	129,134
Courts - General Operations					
Courthouse security					
Personal services	19,429	-	-	-	19,429
Operating expenditures	1,353	-	-	-	1,353
Capital outlay					
Public safety					
Law enforcement					
Capital outlay	52,142	-	-	-	52,142
Corrections					
Capital outlay	7,690	20,120	-	-	27,810

(Continued)
See notes to financial statements.

**HAMILTON COUNTY, FLORIDA
SHERIFF**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2013

	<u>General Fund</u>	<u>Inmate Welfare Fund</u>	<u>911 Communications Fund</u>	<u>Emergency Management Fund</u>	<u>Total Governmental Funds</u>
Expenditures (continued)					
Emergency services					
Emergency Management					
Capital outlay	\$ -	\$ -	\$ -	\$ -	\$ -
Emergency commx					
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>4,733,157</u>	<u>55,313</u>	<u>119,411</u>	<u>243,170</u>	<u>5,151,051</u>
Excess (deficiency) of revenues over expenditures	(4,689,582)	(26,459)	54,800	(38,700)	(4,699,941)
Other financing sources (uses)					
Transfers - Sheriff Operating	-	-	-	-	-
Transfers in HCBCC	<u>4,689,582</u>	<u>-</u>	<u>-</u>	<u>38,700</u>	<u>4,728,282</u>
Total other financing sources (uses)	<u>4,689,582</u>	<u>-</u>	<u>-</u>	<u>38,700</u>	<u>4,728,282</u>
Net change in fund balances	-	(26,459)	54,800	-	28,341
Fund balances at beginning of year	<u>-</u>	<u>181,499</u>	<u>321,078</u>	<u>-</u>	<u>502,577</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 155,040</u>	<u>\$ 375,878</u>	<u>\$ -</u>	<u>\$ 530,918</u>

**HAMILTON COUNTY, FLORIDA
SHERIFF**

**STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS**

September 30, 2013

	<u>Agency Funds</u>
Assets	
Cash	\$ <u>6,615</u>
Liabilities	
Other current liabilities	
Due to others	<u>6,615</u>
Net position	<u>\$ -</u>

**HAMILTON COUNTY, FLORIDA
SHERIFF**

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE 1. THE REPORTING ENTITY

Hamilton County is a political subdivision of the State of Florida incorporated under the authority of Article VIII, Section 1, of the State Constitution and, accordingly, is subject to restrictions imposed by the Florida Constitution and Statutes, as well as by its own ordinances. A board of five elected County Commissioners governs the County. Additionally, five elected Constitutional Officers operate certain functions of county government in a fiduciary capacity. These officers are the Clerk of the Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections and Tax Collector. The duties of these individual officers and the laws regulating the operations of their offices are also detailed in the Florida Constitution and Statutes.

The Sheriff is an integral part of Hamilton County, the primary government for financial reporting.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Sheriff's significant accounting policies is presented to assist the reader in understanding and interpreting the accompanying financial statements.

All references relate to the notes of the basic financial statements in Section II.

A. Basis of Presentation

Fund Financial Statements: The fund financial statements provide information about the Sheriff's funds, including its fiduciary fund. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds, if any, are aggregated and reported as nonmajor funds.

The Sheriff reports the following major funds:

General Fund - This is the Sheriff's primary operating fund. It accounts for all financial resources not required to be accounted for in another fund.

Inmate Welfare Fund – This fund accounts for inmate commissary profits and phone commissions, which are used for prisoner benefits.

911 Communications Fund – This fund accounts for the 911 Communications revenues (fees and grants) and associated expenditures.

Emergency Management Fund – This fund accounts for the Emergency Management Grant Funds received as well as transfers from the Board of County Commissioners and the associated expenditures.

The Sheriff reports the following fund types:

Agency Fund – This fund accounts for monies (bonds, work release funds, inmate housing receipts, civil process charges) received, held, and disbursed to other governmental units and individuals.

The Sheriff maintains the following Agency Funds:

- Bond Trust Fund
- Inmate Trust Fund

B. Measurement Focus and Basis of Accounting

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Sheriff considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Governmental payments, charges for services, fees, and interest are susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the Sheriff funds certain programs by a combination of specific cost reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Sheriff’s policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

C. Deposits

See Note 2 at Section II.

D. Receivables/Due from other governments

At September 30, 2013, the Sheriff was owed the following amounts:

	General Fund	Inmate Welfare Fund	Emergency Management Fund	Totals
Accounts receivable - miscellaneous	\$ -	\$ 3,766	\$ -	\$ 3,766
HCBC - fuel tax refunds and grant reimbursements	12,433	-	-	12,433
State of Florida - grant payments	-	-	38,908	38,908
Totals	<u>\$ 12,433</u>	<u>\$ 3,766</u>	<u>\$ 38,908</u>	<u>\$ 55,107</u>

E. Inventories

It is the policy of the Sheriff to record the acquisition of supplies as expenditures at the time of purchase. The amount of supplies on hand at any one time would be a nominal amount and considered to be immaterial.

F. Capital Assets

The Sheriff reports purchased assets at cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add value to the

asset or materially extend the assets' lives are not capitalized. The Sheriff's fixed asset purchases, in excess of \$1,000, are capitalized and reported at the county wide financial statement level. Details of the Sheriff's capital assets (equipment) including estimated useful lives are at Note 4 in Section II.

G. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. The Sheriff's policies regarding annual and sick leave are as follows: full-time, permanent employees are granted vacation benefits in varying amounts ranging from five to twenty days per year depending on length of service. The maximum annual carry over of annual leave is 240 hours. Sick leave accrues to full-time, permanent employees at a rate of one day per month (four (4) hours biweekly) without limitation. Upon ten years of creditable and continuous service or retirement, employees are paid for unused sick leave at a rate of one hour for every two hours of unused sick leave.

In the governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the Board of County Commissioner's fund that will pay for them. The remainder of the compensated absences is reported as a long-term liability at the county wide financial statement level. See Note 5 Section II.

NOTE 2. DEFINED BENEFIT PENSION PLAN

See Note 12 at Section II.

NOTE 3. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State and Federal governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Sheriff and Board of County Commissioners expect such amounts, if any, to be immaterial.

The Sheriff from time to time is defendant in various pending or threatened litigation. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Sheriff's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Sheriff.

NOTE 4. RISK MANAGEMENT

The Sheriff participates in the Florida Sheriff's Self Insurance Fund for liability and official bonding coverages. Under this insurance risk pool, the Sheriff pays annual premiums to the pool for its insurance coverages. The agreements for formation of the pool provide that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specific amounts.

The Sheriff continues to carry commercial insurance for other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The pooling agreements allow for the pools to make additional assessments to make the pools self-sustaining. It is not possible to estimate the amount of such additional assessments, which might have to be paid by the Sheriff.

NOTE 5. INTERFUND BALANCES AND ACTIVITY

Interfund balances in the Sheriff's special purpose financial statements and are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Purpose</u>
Major Funds			
Sheriff's General Fund	\$ 37,849	\$ -	Interfund loan to fund grant expenditures
Emergency Management Fund	<u>-</u>	<u>37,849</u>	Interfund loan to fund grant expenditures
Totals	<u>\$ 37,849</u>	<u>\$ 37,849</u>	

During the year ended September 30, 2013, the Hamilton County Board of County Commissioners made budgetary transfers (which include budgeted transfers of grant reimbursements) of \$4,689,582 to the Sheriff's General Fund and \$38,700 to the Emergency Management Fund for grant match and 911 Mapping.

The interfund payables/receivables indicated above were the result of short-term loans until grant funds are received.

NOTE 6. COMMITMENTS

The Sheriff has entered into the following agreements:

Food Service

The Sheriff has an agreement with Eagle Food Service, Inc., for the food services at the Hamilton County Jail. The agreement ends in November 2014 and may be renewed. The Sheriff renewed the agreement for a two year period ending in November 2016.

Inmate Telephone Services

The Sheriff has an agreement with Inmate Calling Solutions, LLC, for inmate telephone services at the Hamilton County Jail. The agreement provides a commission of forty-three percent of the gross completed, accepted call revenue. The agreement ends in May 2014 and automatically renews for two year periods unless notice is given.

Inmate Medical Care

The Sheriff has a Transfer and Service Agreement with Notami Hospitals of Florida, Inc. d/b/a Lake City Medical Center. The agreement automatically renews annually unless terminated by either party. The Medical Center agree to provide medical services at a discount of fifty-four percent of gross charges.

**REQUIRED SUPPLEMENTARY
INFORMATION**

**HAMILTON COUNTY, FLORIDA
SHERIFF**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ 12,944	\$ 7,145	\$ (5,799)
Charges for services	-	-	-	-
Miscellaneous revenues	-	<u>23,464</u>	<u>36,430</u>	<u>12,966</u>
Total revenues	<u>-</u>	<u>36,408</u>	<u>43,575</u>	<u>7,167</u>
Expenditures				
Public safety				
Law enforcement				
Personal services	1,482,978	1,656,128	1,656,128	-
Operating expenditures	477,571	525,727	516,227	9,500
Capital outlay	60,000	55,142	52,142	3,000
Grants and aids	-	-	-	-
Other uses	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total law enforcement	<u>2,030,549</u>	<u>2,236,997</u>	<u>2,224,497</u>	<u>12,500</u>
Corrections				
Personal services	1,691,946	1,560,711	1,560,711	-
Operating expenditures	374,557	447,008	440,508	6,500
Capital outlay	20,000	10,189	7,690	2,499
Other uses	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total corrections	<u>2,096,503</u>	<u>2,017,908</u>	<u>2,008,909</u>	<u>8,999</u>
Emergency communications				
Personal services	484,602	469,247	469,246	1
Operating expenditures	14,200	11,525	9,723	1,802
Capital outlay	<u>2,500</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total emergency communications	<u>501,302</u>	<u>481,772</u>	<u>478,969</u>	<u>2,803</u>
Total public safety	<u>4,628,354</u>	<u>4,736,677</u>	<u>4,712,375</u>	<u>24,302</u>
Courts - General Operations				
Courthouse security				
Personal services	27,551	19,428	19,429	(1)
Operating expenditures	1,750	1,353	1,353	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total courthouse security	<u>29,301</u>	<u>20,781</u>	<u>20,782</u>	<u>(1)</u>
Total expenditures	<u>4,657,655</u>	<u>4,757,458</u>	<u>4,733,157</u>	<u>24,301</u>

(Continued)

See notes to budgetary comparison schedule. Section V - Page 12

**HAMILTON COUNTY, FLORIDA
SHERIFF**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over expenditures	\$ (4,657,655)	\$ (4,721,050)	\$ (4,689,582)	\$ 31,468
Other financing sources (uses)				
Interfund transfers - Emerg Mgt.	-	-	-	-
Interfund transfers - HCBC	<u>4,657,655</u>	<u>4,721,050</u>	<u>4,689,582</u>	<u>(31,468)</u>
Total other financing sources	<u>4,657,655</u>	<u>4,721,050</u>	<u>4,689,582</u>	<u>(31,468)</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HAMILTON COUNTY, FLORIDA
SHERIFF**

BUDGETARY COMPARISON SCHEDULE - INMATE WELFARE FUND

For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, beginning	\$ 90,000	\$ 90,000	\$ 181,499	\$ 91,499
Revenues (inflows)				
Charges for services	44,500	28,569	28,569	-
Fines and forfeits	3,000	-	-	-
Interest	3,500	261	261	-
Miscellaneous revenues	<u>500</u>	<u>24</u>	<u>24</u>	<u>-</u>
Total amounts available for appropriation	<u>141,500</u>	<u>118,854</u>	<u>210,353</u>	<u>91,499</u>
Charges to appropriation (outflows)				
Corrections				
Operating expenditures	46,500	45,193	35,193	10,000
Capital outlay	40,000	30,120	20,120	10,000
Grants and aids	3,000	-	-	-
Other uses	<u>21,000</u>	<u>43,541</u>	<u>-</u>	<u>43,541</u>
Total charges to appropriations	<u>110,500</u>	<u>118,854</u>	<u>55,313</u>	<u>63,541</u>
Budgeted reserves	<u>31,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total appropriations and reserves	<u>141,500</u>	<u>118,854</u>	<u>55,313</u>	<u>(63,541)</u>
Budgetary fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 155,040</u>	<u>\$ 155,040</u>

**HAMILTON COUNTY, FLORIDA
SHERIFF**

BUDGETARY COMPARISON SCHEDULE - 911 COMMUNICATIONS

For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, beginning	\$ 100,000	\$ 100,000	\$ 321,078	\$ 221,078
Resources (inflows)				
Intergovernmental	44,250	53,824	53,824	-
Charges for services	46,760	119,853	119,853	-
Interest	2,500	534	534	-
Total amounts available for appropriation	193,510	274,211	495,289	221,078
Charges to appropriations (outflows)				
Emergency communications				
Operating expenditures	65,500	129,411	119,411	10,000
Capital outlay	28,000	10,000	-	10,000
Total charges to appropriations	93,500	139,411	119,411	20,000
Budgeted reserves	100,010	134,800	-	(134,800)
Total appropriations and reserves	193,510	274,211	119,411	154,800
Budgetary fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 375,878</u>	<u>\$ 375,878</u>

**HAMILTON COUNTY, FLORIDA
SHERIFF**

BUDGETARY COMPARISON SCHEDULE - EMERGENCY MANAGEMENT FUND

For the Year Ended September 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 148,486	\$ 203,400	\$ 204,470	\$ 1,070
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total amounts available for appropriation	<u>148,486</u>	<u>203,400</u>	<u>204,470</u>	<u>1,070</u>
Expenditures				
Emergency services				
Emergency management				
Personal services	117,445	106,905	106,905	-
Operating expenditures	47,275	129,449	130,769	(1,320)
Capital outlay	<u>10,966</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total emergency management	<u>175,686</u>	<u>236,354</u>	<u>237,674</u>	<u>(1,320)</u>
911 Mapping				
Operating expenditures	4,000	5,746	5,496	250
Capital outlay	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total 911 mapping	<u>6,500</u>	<u>5,746</u>	<u>5,496</u>	<u>250</u>
Total expenditures	<u>182,186</u>	<u>242,100</u>	<u>243,170</u>	<u>(1,070)</u>
Excess (deficiency) of revenues over expenditures	<u>(33,700)</u>	<u>(38,700)</u>	<u>(38,700)</u>	<u>-</u>
Other financing sources				
Interfund transfer in - HCBCC	33,700	38,700	38,700	-
Interfund transfer in - Sheriff's General Fund	-	-	-	-
Interfund transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>33,700</u>	<u>38,700</u>	<u>38,700</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HAMILTON COUNTY, FLORIDA
SHERIFF**

NOTES TO BUDGETARY COMPARISON SCHEDULES

September 30, 2013

NOTE 1. BUDGET

The Sheriff, in accordance with *Florida Statutes* Chapter 30.49, adopts budgets for all governmental funds. All annual appropriations lapse at fiscal year end.

On or before June 1, the Sheriff submits requests for appropriations to the Hamilton County Board of County Commissioners. The County Commissioners conduct public hearings on the proposed budget after July 1, but prior to September 30. On or before September 30, the Sheriff's budget, within the County's annual comprehensive budget, is adopted by the County Commissioners.

The appropriated budget is prepared by fund, function, department, and object classification. Transfers of appropriations between object classifications require the approval of the Hamilton County Board of County Commissioners. The legal level of budgetary control is the object classification. The Sheriff made one supplemental budgetary appropriation during the year.

NOTE 2. EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND GAAP REVENUES

	Inmate Welfare <u>Fund</u>	911 Communications <u>Fund</u>
Sources/inflows of resources		
Financial statement major funds		
Total amounts available for appropriation	\$ 210,353	\$ 495,289
Adjustments		
Budgetary fund balances are available for appropriation but are not considered revenue for GAAP reporting	<u>(181,499)</u>	<u>(321,078)</u>
Total revenues reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 28,854</u>	<u>\$ 174,211</u>

NOTE 3. BUDGET OVEREXPENDITURE

The Sheriff over-expended the operating expenditures (legal level of budgetary control) in the Emergency Management Fund by \$1320.

**SUPPLEMENTARY
INFORMATION**

**HAMILTON COUNTY, FLORIDA
SHERIFF**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS**

September 30, 2013

	<u>Agency Funds</u>		
	<u>Bond</u> <u>Trust</u>	<u>Inmate</u> <u>Trust</u>	<u>Totals</u>
Assets			
Cash	<u>\$ -</u>	<u>\$ 6,615</u>	<u>\$ 6,615</u>
Liabilities			
Other current liabilities			
Due to individuals/others	<u>-</u>	<u>6,615</u>	<u>6,615</u>
Total liabilities	<u>-</u>	<u>6,615</u>	<u>6,615</u>
Net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COMPLIANCE SECTION

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdcpa@windstream.net

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

To the Honorable Sheriff
Hamilton County, Florida

I 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 special purpose financial statements of the Hamilton County Sheriff, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Hamilton County Sheriff's special purpose financial statements, and have issued my report thereon dated June 3, 2014.

Internal Control Over Financial Reporting

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

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

My 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 my audit I did not identify any deficiencies in internal control that I 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 Hamilton County Sheriff's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.



Kenneth M. Daniels
Certified Public Accountant
June 3, 2014

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdcpa@windstream.net

MANAGEMENT LETTER

To the Honorable Sheriff
Hamilton County, Florida

I have audited the special purpose financial statements of the Hamilton County Sheriff, as of and for the fiscal year ended September 30, 2013, and have issued my report thereon dated June 3, 2014.

I conducted my audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. I have issued my 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*. Disclosures in that report, which is dated June 3, 2014, should be considered in conjunction with this management letter.

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

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

Section 10.554(1)(i)2. *Rules of the Auditor General*, requires my audit to include a review of the provisions of Section 218.415, *Florida Statutes*, regarding the investment of public funds. In connection with my audit, I determined that the Hamilton County Sheriff complied with Section 218.415, *Florida Statutes*.

Section 10.554(1)(i)3. *Rules of the Auditor General*, requires that I address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. In connection with my audit, I did not have any such recommendations.

Section 10.554(1)(e)4., *Rules of Auditor General*, requires that I address noncompliance with provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with my audit, I did not have any such findings.

Section 10.554(1)(i)5., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. See Note 1 in Section II.

This management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Hamilton County Sheriff, Hamilton County Board of County Commissioners, and County Management and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read 'Ken M Daniels', written in a cursive style.

Kenneth M. Daniels
Certified Public Accountant
June 3, 2014

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdcpa@windstream.net

INDEPENDENT AUDITOR'S REPORT

Honorable Supervisor of Elections
Hamilton County, Florida

Report on the Special Purpose Financial Statements

I have audited the accompanying special purpose financial statements of the Hamilton County Supervisor of Elections, as of and for the year ended September 30, 2013, as listed in the preceding table of contents.

Management's Responsibility for the Special Purpose Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on the special purpose financial statements based on my audit. I conducted my 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 I 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 special purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 special purpose financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Audit Opinion

In my opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the Hamilton County Supervisor of Elections, as of September 30, 2013, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information in Section VI page 10-11 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. I 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 my inquiries, the special purpose financial statements, and other knowledge I obtained during my audit of the special purpose financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Emphasis of Matter

I draw attention to Note 1 to the financial statements which describes that the accompanying special purpose financial statements were prepared for the purpose of complying with the State of Florida, *Rules of the Auditor General*, Chapter 10.557 and present only the Hamilton County Supervisor of Elections, and is not intended to be a complete presentation of Hamilton County's assets, liabilities, revenues, and expenditures. Hamilton County is the primary government for financial reporting purposes.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 3, 2014, on my consideration of the Hamilton County Supervisor of Elections' internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of my 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 Hamilton County Supervisor of Elections' internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read 'Ken M Daniels', written in a cursive style.

Kenneth M. Daniels
Certified Public Accountant
June 3, 2014

FINANCIAL STATEMENTS

**HAMILTON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2013

	<u>General Fund</u>
Assets	
Current assets	
Cash	<u>\$ 13,618</u>
Liabilities and fund balance	
Liabilities	
Current liabilities	
Due to other governmental units	
Hamilton County Board of County Commissioners (HCBCC)	<u>\$ 13,618</u>
Fund balance	
Unassigned	<u>-</u>
Total liabilities and fund balance	<u>\$ 13,618</u>

**HAMILTON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2013

	<u>General Fund</u>
Revenues	
Federal grants	
General government - voter education	\$ <u>1,130</u>
Expenditures	
General Government Services	
Personal services	
Executive salaries	75,044
Regular salaries	31,672
Other salaries and wages - poll workers	13,275
Overtime	617
FICA taxes	8,330
Retirement	7,190
Life and health insurance	<u>9,538</u>
Total personal services	<u>145,666</u>
Operating expenditures	
Travel	1,563
Communications	6,323
Other current charges - elections	8,660
Other current charges - voter education	1,130
Other current charges	263
Other current charges	10,303
Other current charges	7,176
Other current charges	871
Office supplies	3,716
Association dues	<u>1,557</u>
Total operating expenditures	<u>41,562</u>
Capital outlay	
Machinery and equipment	<u>4,845</u>
Total expenditures	<u>192,073</u>
Excess (deficiency) of revenues over expenditures	(190,943)
Other financing sources (uses)	
Interfund transfers HCBC	<u>190,943</u>
Net change in fund balance	-
Fund balance at beginning of year	<u>-</u>
Fund balance at end of year	<u>\$ -</u>

**HAMILTON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

**STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND**

September 30, 2013

Assets		
Cash	\$	<u>57</u>
Liabilities		
Due to other governmental units		
Hamilton County Board of County Commissioners (HCBCC)		<u>57</u>
Net position	\$	<u><u>-</u></u>

**HAMILTON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE 1. THE REPORTING ENTITY

Hamilton County is a political subdivision of the State of Florida incorporated under the authority of Article VIII, Section 1, of the State Constitution and, accordingly, is subject to restrictions imposed by the Florida Constitution and Statutes, as well as by its own ordinances. A board of five elected County Commissioners governs the County. Additionally, five elected Constitutional Officers operate certain functions of county government in a fiduciary capacity. These officers are the Clerk of the Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector. The duties of these individual officers and the laws regulating the operations of their offices are also detailed in the Florida Constitution and Statutes.

The Supervisor of Elections is an integral part of Hamilton County, the primary government for financial reporting purposes.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Supervisor of Election's significant accounting policies is presented to assist the reader in understanding and interpreting the accompanying financial statements.

All references relate to the notes of the basic financial statements in Section II.

A. Basis of Presentation

Fund Financial Statements: The fund financial statements provide information about the Supervisor's funds, including its fiduciary fund. Separate statements for each fund category – governmental and fiduciary – are presented.

The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds, if any, are aggregated and reported as nonmajor funds.

The Supervisor reports the following major fund:

General Fund - This is the Supervisor's primary operating fund. It accounts for all financial resources not required to be accounted for in another fund.

The Supervisor reports the following fund types:

Agency Fund – This fund accounts for monies (fees) received, held, and disbursed to other governmental units and individuals.

B. Measurement Focus and Basis of Accounting

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Supervisor considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Governmental payments, fees, and interest are susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the Supervisor funds certain programs by a combination of specific cost reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Supervisor's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

C. Deposits

See Note 2 at Section II.

In accordance with GASB 34, \$57 of the Supervisor's Trust Fund's cash was reclassified into the County's at the County-wide Financial Statement Level.

D. Inventories

It is the policy of the Supervisor of Elections to record the acquisition of supplies as expenditures at the time of purchase. The amount of supplies on hand at any one time would be a nominal amount and considered to be immaterial.

E. Capital Assets

The Supervisor of Elections reports purchased assets at cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add value to the asset or materially extend the assets' lives are not capitalized. The Supervisor's fixed asset purchases in excess of \$1,000 are capitalized and reported at the county wide financial statement level. The useful lives of the County's depreciable assets are indicated in the government-wide notes to the financial statements. See Note 4 at Section II.

F. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. The Supervisor of Elections follows the County's policy with regards to annual and sick leave. Full-time, permanent employees are granted vacation benefits in varying amounts ranging from twelve to twenty days per year depending on length of service.

Sick leave accrues to full-time, permanent employees at a rate of one day per month. Generally, after one year of service, employees are entitled to a percentage of their sick leave and accrued vacation subject to limitation. The maximum amount of vacation leave that may be carried over annually is 240 hours. Employees who accumulate amounts in excess of the 240 hours must take the time off or forfeit it. The County allows unlimited accumulation of sick leave.

During the year ending September 30, 2013, the Supervisor employed two part-time employees; therefore, the office had no liability for compensated absences at the fiscal year end.

In the governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as expenditure and fund liability in the Board of County Commissioner's fund that will pay for them. The remainder of the compensated absences is reported as a long-term liability at the county wide financial statement level. See Note 5 at Section II.

NOTE 2. DEFINED BENEFIT PENSION PLAN

See Note 12 at Section II.

NOTE 3. DEFERRED REVENUE

During the year ending September 30, 2013, the Supervisor of Elections earned \$1,130 under the Help America Vote Act for Voter Education which was previously deferred.

At September 30, 2013, no deferred amounts remained.

See Note 1.J. in Section II for the County's (Supervisor's) grant revenue recognition policy.

NOTE 4. INTERFUND TRANSFERS

Transfers were made from the Hamilton County Board of County Commissioners' General Fund into the Supervisor of Election's General Fund in the amount of \$190,943. The budgeted transfers were made in accordance with *Florida Statutes* 129.201.

**REQUIRED SUPPLEMENTARY
INFORMATION**

**HAMILTON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2013

	Budgeted Amounts		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Federal grants				
General government - voter education	\$ -	\$ -	\$ 1,130	\$ 1,130
Expenditures				
General Government Services				
Personal services	150,303	155,828	145,666	10,162
Operating expenditures	42,150	47,730	41,562	6,168
Capital outlay	1,000	1,000	4,845	(3,845)
Other uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>193,453</u>	<u>204,558</u>	<u>192,073</u>	<u>12,485</u>
Excess (deficiency) of revenues over expenditures	<u>(193,453)</u>	<u>(204,558)</u>	<u>(190,943)</u>	<u>13,615</u>
Other financing sources (uses)				
Interfund transfers - HCBCC	<u>193,453</u>	<u>204,558</u>	<u>190,943</u>	<u>(13,615)</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HAMILTON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

NOTES TO BUDGETARY COMPARISON SCHEDULE

September 30, 2013

NOTE 1. Budget

The Supervisor of Elections in accordance with *Florida Statutes* Chapter 129.201 adopts budgets for all governmental funds. All annual appropriations lapse at fiscal year end.

On or before June 1, the Supervisor of Elections submits requests for appropriations to the Hamilton County Board of County Commissioners. The County Commissioners conduct public hearings on the proposed budget after July 1, but prior to September 30. On or before September 30, the Supervisor of Election's budget, within the County's annual comprehensive budget, is adopted by the County Commissioners.

The appropriated budget is prepared by fund, function, department, and object classification. Transfers of appropriations between object classifications require the approval of the Hamilton County Board of County Commissioners.

The legal level of budgetary control is the object level classification. The Supervisor of Elections made one supplemental budgetary appropriation for the year ended September 30, 2013.

NOTE 2. Budget Over-expenditure

The Supervisor of Elections did not over expend the Office's budget in total. However, at the object level code, the budgeted amount for capital outlay was exceeded by \$3,845.

COMPLIANCE SECTION

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdcpa@windstream.net

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

To the Honorable Supervisor of Elections
Hamilton County, Florida

I 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 special purpose financial statements of the Hamilton County Supervisor of Elections, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Hamilton County Supervisor of Elections' special purpose financial statements, and have issued my report thereon dated June 3, 2014.

Internal Control Over Financial Reporting

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

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

My 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 my audit I did not identify any deficiencies in internal control that I 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 Hamilton County Supervisor of Elections' financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.



Kenneth M. Daniels
Certified Public Accountant
June 3, 2014

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdcpa@windstream.net

MANAGEMENT LETTER

The Honorable Supervisor of Elections
Hamilton County, Florida

I have audited the special purpose financial statements of the Hamilton County Supervisor of Elections, as of and for the fiscal year ended September 30, 2013, and have issued my report thereon dated June 3, 2014.

I conducted my audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. I have issued my 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*. Disclosures in that report, which is dated June 3, 2014, should be considered in conjunction with this management letter.

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

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

Section 10.554(1)(i)2. *Rules of the Auditor General*, requires my audit to include a review of the provisions of Section 218.415, *Florida Statutes*, regarding the investment of public funds. In connection with my audit, I determined that the Hamilton County Supervisor of Elections complied with Section 218.415, *Florida Statutes*.

Section 10.554(1)(i)3. *Rules of the Auditor General*, requires that I address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. In connection with my audit, I did not have any such recommendations.

Section 10.554(1)(e)4., *Rules of Auditor General*, requires that I address noncompliance with provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which

warrants the attention of those charged with governance. In connection with my audit, I did not have any such findings.

Section 10.554(1)(i)5., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. See Note 1 in Section II.

This management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Hamilton County Supervisor or Elections, Hamilton County Board of County Commissioners, and County Management and is not intended to be and should not be used by anyone other than these specified parties.



Kenneth M. Daniels
Certified Public Accountant
June 3, 2014

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdcpa@windstream.net

INDEPENDENT AUDITOR'S REPORT

Honorable Tax Collector
Hamilton County, Florida

Report on the Special Purpose Financial Statements

I have audited the accompanying special purpose financial statements of the Hamilton County Tax Collector, as of and for the year ended September 30, 2013, as listed in the preceding table of contents.

Management's Responsibility for the Special Purpose Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on the special purpose financial statements based on my audit. I conducted my 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 I 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 special purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the special purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 special purpose financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the Hamilton County Tax Collector, as of September 30, 2013, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information in Section VII pages 11-13 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. I 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 my inquiries, the special purpose financial statements, and other knowledge I obtained during my audit of the special purpose financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Emphasis of Matter

I draw attention to Note 1 to the financial statements which describes that the accompanying special purpose financial statements were prepared for the purpose of complying with the State of Florida, *Rules of the Auditor General*, Chapter 10.557 and present only the Hamilton County Tax Collector, and is not intended to be a complete presentation of Hamilton County's assets, liabilities, revenues, and expenditures. Hamilton County is the primary government for financial reporting purposes.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 3, 2014, on my consideration of the Hamilton County Tax Collector's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of my 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 Hamilton County Tax Collector's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Ken M Daniels". The signature is written in a cursive, flowing style.

Kenneth M. Daniels
Certified Public Accountant
June 3, 2014

FINANCIAL STATEMENTS

**HAMILTON COUNTY, FLORIDA
TAX COLLECTOR**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2013

	<u>General Fund</u>
Assets	
Current assets	
Cash	\$ <u>68,242</u>
Liabilities and fund balance	
Current liabilities	
Due to other governmental units	
Hamilton County Board of County Commissioners (HCBCC)	\$ <u>68,242</u>
Fund balance	
Unassigned	<u>-</u>
Total liabilities and fund balances	\$ <u>68,242</u>

**HAMILTON COUNTY, FLORIDA
TAX COLLECTOR**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2013

		<u>General Fund</u>
Revenues		
Charges for services		
Delinquent tax fees	\$	20,545
Motor vehicle fees		44,481
Sales tax fees		1,560
Fish and game fees		711
Driver's license fees		25,550
Miscellaneous fees		3,476
Tax commissions		278,809
Miscellaneous fees		50
Advertising fees		5,524
Miscellaneous revenues		
Interest		166
Total revenues		<u>380,872</u>
Expenditures		
General government services		
Personal services		
Executive salaries		93,733
Regular salaries		134,319
FICA taxes		17,133
Retirement - official		14,931
Retirement employees		9,174
Life and health insurance		<u>35,025</u>
Total personal services		<u>304,315</u>
Operating expenditures		
Other contractual		16,358
Travel		3,457
Communications		3,439
Postage		3,564
Repair and maintenance		3,082
Printing and binding		3,004
Other current charges		508
Other current charges - advertising		9,348
Office supplies		2,019
Data processing		21,213
Operating supplies		397

(Continued)

See notes to financial statements. Section VII - Page 5

**HAMILTON COUNTY, FLORIDA
TAX COLLECTOR**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Fiscal Year Ended September 30, 2013

	<u>General Fund</u>
Expenditures (continued)	
Association dues	\$ 2,056
Education	<u>915</u>
Total operating expenditures	<u>69,360</u>
Capital outlay	
Equipment	<u>7,197</u>
Total expenditures	<u>380,872</u>
Excess (deficiency) of revenues over expenditures	-
Other financing sources	
Interfund transfers in (out) - HCBCC	<u>-</u>
Net change in fund balance	-
Fund balance at beginning of year	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>

**HAMILTON COUNTY, FLORIDA
TAX COLLECTOR**

**STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND**

September 30, 2013

Assets

Cash	<u>\$ 116,679</u>
------	-------------------

Liabilities and net position

Due to other governments:

Hamilton County Board of County Commissioners	\$ 780
--	--------

State of Florida	1,700
------------------	-------

Others	104,407
--------	---------

Other current liabilities

Interest payable	65
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Due to individuals	<u>9,727</u>
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Total liabilities	<u>116,679</u>
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Net position	<u>\$ -</u>
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**HAMILTON COUNTY, FLORIDA
TAX COLLECTOR**

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

NOTE 1. THE REPORTING ENTITY

Hamilton County is a political subdivision of the State of Florida incorporated under the authority of Article VIII, Section 1 of the State Constitution and, accordingly, is subject to restrictions imposed by the Florida Constitution and Statutes, as well as by its own ordinances.

The County is governed by a board of five elected County Commissioners. Additionally, five elected Constitutional Officers operate certain functions of county government in a fiduciary capacity. These officers are the Clerk of the Circuit Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector. The duties of these individual officers and the laws regulating the operations of their offices are also detailed in the Florida Constitution and Statutes.

The Tax Collector is an integral part of Hamilton County, the primary government for financial reporting purposes.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Tax Collector's significant accounting policies is presented to assist the reader in understanding and interpreting the accompanying financial statements.

All references relate to the notes of the basic financial statements in Section II.

A. Basis of Presentation

Fund Financial Statements: The fund financial statements provide information about the Tax Collector's funds, including its fiduciary fund. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds, if any, are aggregated and reported as nonmajor funds.

The Tax Collector reports the following major fund:

General Fund - This is the Tax Collector's primary operating fund. It accounts for all financial resources not required to be accounted for in another fund.

The Tax Collector reports the following fund types:

Agency Fund – This fund accounts for monies (including fees) received, held, and disbursed to other governmental units and individuals.

B. Measurement Focus and Basis of Accounting

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Tax Collector considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Governmental payments, fees, and interest are susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, when applicable, the Tax Collector funds certain programs by a combination of specific cost reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Tax Collector's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

C. Deposits

See Note 2 at Section II.

In accordance with GASB 34, \$780 of the Tax Collector's Trust Fund's cash was reclassified into the County's at the County-wide Financial Statement Level.

D. Inventories

It is the policy of the Tax Collector to record the acquisition of supplies as expenditures at the time of purchase. The amount of supplies on hand at any one time would be a nominal amount and considered immaterial.

E. Capital Assets

The Tax Collector reports purchased assets at cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add value to the asset or materially extend the assets' lives are not capitalized. The Tax Collector's fixed asset purchases in excess of \$1,000 are capitalized and reported at the county wide financial statement level. The useful lives of the County's depreciable assets are indicated in the government-wide notes to the financial statements. See Note 4 at Section II.

F. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. The Tax Collector's policies regarding annual and sick leave are as follows: full-time, permanent employees are granted vacation benefits in varying amounts ranging from five to twenty days per year depending on length of service. Sick leave accrues to full-time, permanent employees at a rate of one day per month with a maximum accrual of sixty days. Upon termination in good standing or retirement, employees are paid for unused sick leave at a rate of one - half day for each day of unused sick leave. Employees may also convert sick leave in excess of the sixty day maximum to annual leave at the conversion rate of three sick days to one day of annual leave.

In the governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as expenditure and fund liability in the Board of County Commissioner's fund that will pay for them. The remainder of the compensated absences is reported as a long-term liability at the county wide financial statement level. See Note 5 in Section II.

NOTE 2. DEFINED BENEFIT PENSION PLAN

See Note 12 at Section II.

**REQUIRED SUPPLEMENTARY
INFORMATION**

**HAMILTON COUNTY, FLORIDA
TAX COLLECTOR**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services				
Delinquent tax fees	\$ 12,000	\$ 19,500	\$ 20,545	\$ 1,045
Motor vehicle fees	40,000	40,000	44,481	4,481
Sales tax fees	1,560	1,560	1,560	-
Fish and game fees	800	800	711	(89)
Driver's license fees	20,000	20,000	25,550	5,550
Miscellaneous fees	2,000	2,000	3,476	1,476
Tax commissions	290,000	290,000	278,809	(11,191)
Miscellaneous fees	-	-	50	50
Advertising fees	-	-	5,524	5,524
Miscellaneous revenues				
Interest	-	-	166	166
Total revenues	366,360	373,860	380,872	7,012
Expenditures				
General government services				
Personal services				
Executive salaries	93,733	93,733	93,733	-
Regular salaries	136,320	136,320	134,319	2,001
FICA taxes	17,445	17,445	17,133	312
Retirement - official	14,810	14,810	14,931	(121)
Retirement employees	9,052	9,052	9,174	(122)
Life and health insurance	34,756	34,756	35,025	(269)
Unemployment compensation	1,000	1,000	-	1,000
Total personal services	307,116	307,116	304,315	2,801
Operating expenditures				
Professional services	1,000	1,000	-	1,000
Other contractual	16,500	16,500	16,358	142
Travel	4,950	4,950	3,457	1,493
Communications	4,000	4,000	3,439	561
Postage	3,740	3,740	3,564	176
Repair and maintenance	3,000	3,000	3,082	(82)
Printing and binding	4,500	4,500	3,004	1,496
Other current charges	1,000	1,000	508	492
Other current charges - advertising	12,000	12,000	9,348	2,652
Office supplies	2,000	2,000	2,019	(19)
Data processing	21,215	21,215	21,213	2
Operating supplies	500	500	397	103
Association dues	3,050	3,050	2,056	994
Education	1,270	1,270	915	355
Total operating expenditures	78,725	78,725	69,360	9,365

(Continued)

See notes to budgetary comparison schedule. Section VII - Page 11

**HAMILTON COUNTY, FLORIDA
TAX COLLECTOR**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2013

	Budgeted Amounts		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures (continued)				
Capital outlay				
Equipment	\$ -	\$ 7,500	\$ 7,197	\$ 303
Total expenditures	<u>385,841</u>	<u>393,341</u>	<u>380,872</u>	<u>12,469</u>
Excess (deficiency) of revenues over expenditures	(19,481)	(19,481)	-	19,481
Other financing sources				
Interfund transfers in (out) - HCBCC	<u>19,481</u>	<u>19,481</u>	<u>-</u>	<u>(19,481)</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HAMILTON COUNTY, FLORIDA
TAX COLLECTOR**

NOTES TO BUDGETARY COMPARISON SCHEDULE

September 30, 2013

NOTE 1. BUDGET

The Tax Collector in accordance with *Florida Statutes* Chapter 195.087 adopts a budget for all governmental funds. All annual appropriations lapse at fiscal year end.

Per Chapter 195.087(2), “On or before August 1 of each year, each tax collector, regardless of the form of county government, shall submit to the Department of Revenue a budget for the operation of the tax collector's office for the ensuing fiscal year, in the manner and form prescribed by the department. A copy of such budget shall be furnished at the same time to the board of county commissioners. The department shall examine the budget and, if it is found adequate to carry on the work of the tax collector, shall approve the budget and certify it back to the tax collector. If the department finds the budget inadequate or excessive, it shall return such budget to the tax collector, together with its ruling thereon. The tax collector shall revise the budget as required and resubmit it to the department. After the final approval of the budget by the department, there shall be no reduction or increase by any officer, board, or commission without the approval of the department. However, all moneys received by tax collectors in complying with chapter 119 shall be accounted for in the same manner as provided for in s. 218.36, for moneys received as county fees and commissions, and any such moneys may be used and expended in the same manner and to the same extent as funds budgeted for the office and no budget amendment shall be required. . . .”

The appropriated budget is prepared by fund, function, department, and object code. Transfers of appropriations between object codes require the approval of the Florida Department of Revenue. The legal level of budgetary control is the object code level.

The Tax Collector had one supplemental budgetary appropriation during the year ended September 30, 2013.

Details of Hamilton County’s property tax calendar are disclosed at Note 1.L. in Section II.

COMPLIANCE SECTION

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdcpa@windstream.net

**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**

To the Honorable Tax Collector
Hamilton County, Florida

I 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 special purpose financial statements of the Hamilton County Tax Collector, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Hamilton County Tax Collector's special purpose financial statements, and have issued my report thereon dated June 3, 2014.

Internal Control Over Financial Reporting

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

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

My 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 my audit I did not identify any deficiencies in internal control that I 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 Hamilton County Tax Collector's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.



Kenneth M. Daniels
Certified Public Accountant
June 3, 2014

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
Jasper, FL 32052

Phone 386-792-1906
Fax 386-792-1925
kmdcpa@windstream.net

MANAGEMENT LETTER

To the Honorable Tax Collector
Hamilton County, Florida

I have audited the special purpose financial statements of the Hamilton County Tax Collector, as of and for the fiscal year ended September 30, 2013, and have issued my report thereon dated June 3, 2014.

I conducted my audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. I have issued my 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*. Disclosures in that report, which is dated June 3, 2014, should be considered in conjunction with this management letter.

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

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

Section 10.554(1)(i)2. *Rules of the Auditor General*, requires my audit to include a review of the provisions of Section 218.415, *Florida Statutes*, regarding the investment of public funds. In connection with my audit, I determined that the Hamilton County Tax Collector complied with Section 218.415, *Florida Statutes*.

Section 10.554(1)(i)3. *Rules of the Auditor General*, requires that I address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. In connection with my audit, I did not have any such recommendations.

Section 10.554(1)(e)4., *Rules of Auditor General*, requires that I address noncompliance with provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with my audit, I did not have any such findings.

Section 10.554(1)(i)5., *Rules of the Auditor General*, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. See Note 1 in Section II.

This management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Hamilton County Tax Collector, Hamilton County Board of County Commissioners, and County Management and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read 'Ken M Daniels', written in a cursive style.

Kenneth M. Daniels
Certified Public Accountant
June 3, 2014