

HAMILTON COUNTY, FLORIDA

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2014

HAMILTON COUNTY, FLORIDA

LIST OF PRINCIPAL OFFICIALS

September 30, 2014

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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**INDEPENDENT
AUDITOR'S
REPORT**

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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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, 2014, 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, 2014, 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 33–36 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 5, 2015, 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 5, 2015

HAMILTON COUNTY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended September 30, 2014

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, 2014. Please read it in conjunction with the County's financial statements, which begin in Section II - page 1.

FINANCIAL HIGHLIGHTS

With assistance from the Florida Department of Transportation (DOT), the County continues improving its roads. In excess of \$2.5 million was expended in the fiscal year ending September 30, 2014, on County road projects. The widening and resurfacing CR 135 was largely completed, and engineering has begun on the resurfacing of a portion of CR 143.

PCS Phosphate donated \$50,000 for the expansion of the Jennings Library.

In January 2014, the Rural Health Clinic opened in Jasper to serve residents. An agreement with Live Oak HMA, LLC for the Clinic was signed on October 16, 2013. A portion of the clinic's cost is subsidized by the County.

In an effort to stimulate the local economy, the County with an incentive payment of \$500,000, secured a Pilot Travel Center at the I75/SR6 interchange. Due to the addition of the Travel Center, the County anticipates a revitalization of the exit.

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 \$2.2 million. The increase was largely the result of a transportation grant for resurfacing CR 135 (\$2.5 million) and additional fuel taxes (\$1.1 million) generated by Love's Travel Stop.

The County's business-type activities Net Position decreased approximately \$465,000. This decrease was largely due to ongoing maintenance expenditures and depreciation on the water/wastewater treatment facility.

Overall the County's Net Position increased by approximately \$1.8 million, again, largely the result of the CR135 resurfacing project and the additional fuel taxes.

Other liabilities within the Governmental Activities increased due to the incentive payment to the Pilot Travel Center and retainage on the CR135 road project both owed at year end. Long-term liabilities decreased due to the payoff of two road graders.

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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Statement of Net Position						
Current and other assets	\$ 13.08	\$ 10.60	\$ 2.32	\$ 2.37	\$ 15.40	\$ 12.97
Capital assets	<u>37.27</u>	<u>36.18</u>	<u>6.60</u>	<u>7.00</u>	<u>43.87</u>	<u>43.18</u>
Total assets	<u>\$ 50.35</u>	<u>\$ 46.78</u>	<u>\$ 8.92</u>	<u>\$ 9.37</u>	<u>\$ 59.27</u>	<u>\$ 56.15</u>
Other liabilities	\$ 1.77	\$ 0.50	\$ 0.05	\$ 0.02	\$ 1.82	\$ 0.52
Long term liabilities	<u>1.20</u>	<u>1.38</u>	<u>1.96</u>	<u>1.98</u>	<u>3.16</u>	<u>3.36</u>
Total liabilities	<u>2.97</u>	<u>1.88</u>	<u>2.01</u>	<u>2.00</u>	<u>4.98</u>	<u>3.88</u>
Deferred inflows	<u>0.21</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.21</u>	<u>-</u>
Net position:						
Invested in Cap Assets	36.54	35.58	6.60	7.00	43.14	42.58
Restricted	3.39	2.46	-	-	3.39	2.46
Unrestricted	<u>7.24</u>	<u>6.86</u>	<u>0.31</u>	<u>0.37</u>	<u>7.55</u>	<u>7.23</u>
Total net position	<u>47.17</u>	<u>44.90</u>	<u>6.91</u>	<u>7.37</u>	<u>54.08</u>	<u>52.27</u>
Total liabilities, deferred inflows, and net position	<u>\$ 50.35</u>	<u>\$ 46.78</u>	<u>\$ 8.92</u>	<u>\$ 9.37</u>	<u>\$ 59.27</u>	<u>\$ 56.15</u>

Governmental Activities

Revenues increased \$1.7 million as a result of increased fuel taxes (see above) and local funding by the Hamilton County Development Authority and the Hamilton County Memorial Hospital Board of Trustees for the Rural Health Clinic.

Expenses increased due to the \$500,000 payment to the Pilot Travel Center at the I75/SR6 interchange (see above) and funding (\$384,000) for the setup and operation of the Rural Health Clinic.

Business-type Activities

Solid waste revenue decreased due to the reduced metal and recycling products collected (a recycling center that purchases metal opened in Jasper, FL). Water/wastewater revenue was flat; however, a grant in the amount of \$31,500 was awarded by the Suwannee River Water Management District to enhance the District's water quality and supply. Overall, expenses increased due to the reduction of 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	
	2014	2013	2014	2013	2014	2013
Program revenues						
General government	\$ 2.74	\$ 2.69	\$ -	\$ -	\$ 2.74	\$ 2.69
Public safety	1.16	1.43	-	-	1.16	1.43
Physical environment	-	-	-	-	-	-
Transportation	3.61	3.77	-	-	3.61	3.77
Economic environment	0.67	0.42	-	-	0.67	0.42
Human services	0.16	0.14	-	-	0.16	0.14
Culture/recreation	0.50	0.34	-	-	0.50	0.34
Court related	0.42	0.49	-	-	0.42	0.49
Garbage/solid waste	-	-	0.19	0.20	0.19	0.20
Water/wastewater	-	-	0.06	0.03	0.06	0.03
General revenues			-	-		
Taxes			-	-		
Ad valorem	7.78	7.56	-	-	7.78	7.56
Tourist development	0.03	0.03	-	-	0.03	0.03
Fuel - voted	0.30	0.07	-	-	0.30	0.07
Fuel - local option	1.79	0.75	-	-	1.79	0.75
Discretionary sales	0.60	0.65	-	-	0.60	0.65
Commx services	0.02	0.02	-	-	0.02	0.02
Interest	0.01	0.02	0.01	0.01	0.02	0.03
Miscellaneous	0.49	0.12	-	-	0.49	0.12
Total revenues	20.28	18.50	0.26	0.24	20.54	18.74
Program expenses						
General government	3.14	3.19	-	-	3.14	3.19

Table 2 continued

Public safety	\$ 7.22	\$ 7.10	\$ -	\$ -	\$ 7.22	\$ 7.10
Physical environment	0.15	0.15	-	-	0.15	0.15
Transportation	3.85	3.98	-	-	3.85	3.98
Economic environment	1.04	0.39	-	-	1.04	0.39
Human services	0.83	0.44	-	-	0.83	0.44
Culture/recreation	0.99	0.89	-	-	0.99	0.89
Court related	0.68	0.66	-	-	0.68	0.66
Interest on long term debt	0.02	0.03	-	-	0.02	0.03
Garbage/solid waste	-	-	0.56	0.43	0.56	0.43
Water/wastewater combination	-	-	0.42	0.44	0.42	0.44
Total expenses	<u>17.92</u>	<u>16.83</u>	<u>0.98</u>	<u>0.87</u>	<u>18.90</u>	<u>17.70</u>
Excess (deficiency) before extraordinary and special items and transfers	2.36	1.67	(0.72)	(0.63)	1.64	1.04
Special and extraordinary items and transfers						
Extraordinary item	-	-	-	-	-	-
Special items	0.18	0.11	-	-	0.18	0.11
Transfers	<u>(0.26)</u>	<u>(0.28)</u>	<u>0.26</u>	<u>0.28</u>	<u>-</u>	<u>-</u>
Total special items and transfers	<u>(0.08)</u>	<u>(0.17)</u>	<u>0.26</u>	<u>0.28</u>	<u>0.18</u>	<u>0.11</u>
Change in net position	2.28	1.50	(0.46)	(0.35)	1.82	1.15
Beginning 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>
Ending net position	<u>\$ 47.18</u>	<u>\$ 44.90</u>	<u>\$ 6.91</u>	<u>\$ 7.37</u>	<u>\$ 54.09</u>	<u>\$ 52.27</u>

The County's Funds

The County's General Fund's Fund Balance increased approximately \$500,000 – increased ad valorem receipts and excess tax deed proceeds offset reduced ambulance fees. Expenditures increased due to funding the Rural Health Clinic, economic incentive payment to Pilot Travel Center, and annual raises to employees.

The Transportation Trust Fund's fund balance decreased by \$800,000 due to the spike in fuel taxes resulting from Love's Travel Stop at the I75/SR129 interchange.

Overall, the governmental funds' fund balance increased \$1.2 million. Strength in General Fund as indicated above and the influx of fuel taxes contributed to the increase.

The County's Enterprise Funds' Net Position decreased \$465,000, the result of a \$400,000 in depreciation of plant and equipment. The reduction in net position was tempered by a transfer from the General Fund in the amount of \$260,000.

See the detail below.

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

<u>Governmental Funds</u>	<u>2014</u>	<u>2013</u>	<u>\$ Change</u>	<u>Percent Change</u>
Total fund balances	\$ 11.16	\$ 9.88	\$ 1.28	13.0%
Unreserved Fund Balance				
<hr/>				
<u>Major Funds</u>	<u>2014</u>	<u>2013</u>	<u>\$ Change</u>	<u>Percent Change</u>
General	\$ 7.93	\$ 7.44	\$ 0.49	6.6%
Transportation Trust	1.97	1.13	0.84	-
Landfill Enterprise Fund Change in Net Assets:				
Invested in Capital Assets				
<hr/>				
	<u>2014</u>	<u>2013</u>	<u>\$ Change</u>	<u>Percent Change</u>
	\$ 1.75	\$ 1.87	\$ (0.12)	-6.4%
Unrestricted				
<hr/>				
	<u>2014</u>	<u>2013</u>	<u>\$ Change</u>	<u>Percent Change</u>
	\$ (0.45)	\$ (0.46)	\$ 0.01	2.2%
I75/SR6 Utility Fund Change in Net Assets:				
Invested in Capital Assets				
<hr/>				
	<u>2014</u>	<u>2013</u>	<u>\$ Change</u>	<u>Percent Change</u>
	\$ 4.85	\$ 5.14	\$ (0.29)	-5.6%
Unrestricted				
<hr/>				
	<u>2014</u>	<u>2013</u>	<u>\$ Change</u>	<u>Percent Change</u>
	\$ 0.76	\$ 0.83	\$ (0.07)	-8.4%

GENERAL FUND BUDGETARY HIGHLIGHTS

Bi-annual detailed budget reviews by the Board of County Commissioners continued in fiscal year 2014 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.

General Fund's final budget exceeded the original by approximately \$98,000 due to the recognition of unanticipated receipts. The actual amounts expended were \$5.3 million less than the appropriated amounts largely due to budgeted reserves.

Actual receipts and balances exceeded the budgeted by \$2.55 million due to taxes (\$455,000 greater than budgeted) and budgetary fund balance (\$2.10 million greater than budgeted). Appropriations were under budget by approximately \$5.3 million due to a contingency of \$5 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As indicated in the table below, the County has approximately \$72 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 \$2.95 million over the previous year's total.

Fiscal year 2014's major additions included the following (in millions):

County Roads and recreation facilities	\$2.86
Equipment (graders, vehicles, and other)	.82

Table 4
Capital Assets (in Millions)

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 1.45	\$ 1.45	\$ 0.27	\$ 0.27	\$ 1.72	\$ 1.72
Construction in progress	3.24	0.38	-	-	3.24	0.38
Buildings	8.98	8.97	-	-	8.98	8.97
Improvements other than buildings	39.71	39.71	9.74	9.74	49.45	49.45
Equipment, furniture, and vehicles	<u>7.51</u>	<u>7.43</u>	<u>0.93</u>	<u>0.95</u>	<u>8.44</u>	<u>8.38</u>
Totals	<u>\$ 60.89</u>	<u>\$ 57.94</u>	<u>\$ 10.94</u>	<u>\$ 10.96</u>	<u>\$ 71.83</u>	<u>\$ 68.90</u>

Capital asset additions budgeted for fiscal year 2014-15 are approximately \$650,000 (equipment, boat ramp, courthouse improvements) in the General Fund and \$3.9 million in the Transportation Trust Fund (roads and equipment).

Debt

The County decreased its outstanding debt slightly due to scheduled annual payments including the payoff of two road graders.

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

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Est. liability for closure	\$ -	\$ -	\$ 1.96	\$ 1.96	\$ 1.96	\$ 1.96
Capital leases	0.73	0.59	-	-	0.73	0.59
Compensated absences	<u>0.72</u>	<u>0.79</u>	<u>0.18</u>	<u>0.18</u>	<u>0.90</u>	<u>0.97</u>
Totals	<u>\$ 1.45</u>	<u>\$ 1.38</u>	<u>\$ 2.14</u>	<u>\$ 2.14</u>	<u>\$ 3.59</u>	<u>\$ 3.52</u>

2015 BUDGET AND CURRENTLY KNOWN FACTS

2015 Budget

A summary of the County's 2015 budget is as follows:

General Fund – The Board of County Commissioners budgeted a cash balance forward of \$5.65 million and revenues of \$12.16 million. Appropriations total \$18.07 million with budgeted reserves of \$5.6 million.

Transportation Trust Fund – A cash balance forward of \$1.46 million and revenues of \$6.1 million, fund appropriations of \$7.6 million with a budgeted reserve of \$1.8 million. Budgeted capital outlay is as follows: CR 135 \$1.1 million, CR 143 \$1.8 million, equipment \$376,000. Debt service is budgeted at \$98,000.

Enterprise Fund – Tipping fees for landfill waste are budgeted at \$115,000. The State's Consolidated Waste Grant is budgeted at \$91,000. Transfers from General Fund will provide operating funds of \$145,000.

I75/SR6 Water/Wastewater Fund – Reserves of \$58,400 are required to fund operating expenses of \$83,000. Utility revenues of \$24,600 are budgeted.

Currently Known Facts

The Board of County Commissioners is currently negotiating with Enerpellets USA to locate "Project Bark" within the County. A number of financial incentives have been offered. The negotiation remains ongoing.

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, 2014

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Assets			
Cash	\$ 11,266,139	\$ 769,589	\$ 12,035,728
Accounts receivable	323,376	11,741	335,117
Allowance for doubtful accounts	(130,743)	-	(130,743)
Due from other governmental units	1,537,088	27,102	1,564,190
Prepaid item	80,000	-	80,000
Restricted assets			
Cash	-	1,506,795	1,506,795
Capital assets			
Land and construction in progress	4,692,637	267,366	4,960,003
Other capital assets, net of depreciation	<u>32,582,317</u>	<u>6,334,948</u>	<u>38,917,265</u>
Total capital assets	<u>37,274,954</u>	<u>6,602,314</u>	<u>43,877,268</u>
Total assets	<u>\$ 50,350,814</u>	<u>\$ 8,917,541</u>	<u>\$ 59,268,355</u>
Liabilities, deferred inflows of resources, and net position			
Liabilities			
Accounts payable	\$ 1,193,715	\$ 29,137	\$ 1,222,852
Contracts payable	263,481	-	263,481
Due to other governmental units	47,918	-	47,918
Payroll withholding/taxes	3,301	829	4,130
Deposits	-	1,400	1,400
Other current liabilities	1,420	-	1,420
Long-term liabilities			
Due within one year			
Compensated absences	203,381	18,649	222,030
Capital leases	58,542	-	58,542
Due within more than one year			
Estimated liability for landfill post-closure	-	1,958,144	1,958,144
Compensated absences	519,895	-	519,895
Capital leases	<u>675,397</u>	<u>-</u>	<u>675,397</u>
Total liabilities	<u>2,967,050</u>	<u>2,008,159</u>	<u>4,975,209</u>

(Continued)

See notes to financial statements.

Section II - Page 1

HAMILTON COUNTY, FLORIDA

STATEMENT OF NET POSITION

September 30, 2014

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Deferred inflows of resources			
Deferred grant proceeds	<u>\$ 207,175</u>	<u>\$ -</u>	<u>\$ 207,175</u>
Net position			
Invested in capital assets, net of related debt	36,541,012	6,602,314	43,143,326
Restricted			
Capital projects	50,000	-	50,000
Transportation	1,968,309	-	1,968,309
Other purposes	1,369,780	-	1,369,780
Unrestricted	<u>7,247,488</u>	<u>307,068</u>	<u>7,554,556</u>
Total net position	<u>47,176,589</u>	<u>6,909,382</u>	<u>54,085,971</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 50,350,814</u>	<u>\$ 8,917,541</u>	<u>\$ 59,268,355</u>

HAMILTON COUNTY, FLORIDA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 3,145,650	\$ 373,726	\$ 2,359,981	\$ 11,226	\$ (400,717)	\$ -	\$ (400,717)
Public safety	7,219,299	773,843	383,648	-	(6,061,808)	-	(6,061,808)
Physical environment	153,561	-	-	-	(153,561)	-	(153,561)
Transportation	3,851,505	4,900	987,913	2,621,538	(237,154)	-	(237,154)
Economic environment	1,036,405	-	672,768	-	(363,637)	-	(363,637)
Human services	829,267	-	162,431	-	(666,836)	-	(666,836)
Culture/recreation	986,425	54,293	299,955	147,473	(484,704)	-	(484,704)
Court related	678,890	342,205	80,417	-	(256,268)	-	(256,268)
Interest on long term debt	21,954	-	-	-	(21,954)	-	(21,954)
Total governmental activities	17,922,956	1,548,967	4,947,113	2,780,237	(8,646,639)	-	(8,646,639)
Business type activities							
Garbage/solid waste services	563,521	101,882	90,340	-	-	(371,299)	(371,299)
Water/wastewater combination services	417,564	29,300	31,523	-	-	(356,741)	(356,741)
	981,085	131,182	121,863	-	-	(728,040)	(728,040)
Total business type activities	981,085	131,182	121,863	-	-	(728,040)	(728,040)
Total government	\$ 18,904,041	\$ 1,680,149	\$ 5,068,976	\$ 2,780,237	(8,646,639)	(728,040)	(9,374,679)
General revenues							
Taxes							
Ad valorem					7,775,911	-	7,775,911
Tourist development					33,123	-	33,123
Fuel - voted					296,795	-	296,795
Fuel - local option					1,791,971	-	1,791,971
Discretionary sales surtax					595,807	-	595,807
Communications services					15,993	-	15,993
Interest earnings					12,722	2,929	15,651
Miscellaneous					487,716	-	487,716
Special items							
Gain on disposal of assets (graders)					210,000	-	210,000
Loss on disposal of assets (equipment)					(34,968)	-	(34,968)
Transfers					(260,095)	260,095	-
Total general revenues, special items, and transfers					10,924,975	263,024	11,187,999
Change in net position					2,278,336	(465,016)	1,813,320
Net position - beginning					44,898,253	7,374,398	52,272,651
Net position - ending					\$ 47,176,589	\$ 6,909,382	\$ 54,085,971

See notes to financial statements.

HAMILTON COUNTY, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2014

	General <u>Fund</u>	County Transportation <u>Trust Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Assets				
Cash	\$ 8,222,472	\$ 1,763,237	\$ 1,250,483	\$ 11,236,192
Accounts receivable	308,257	10,426	4,693	323,376
Allowance for doubtful accounts	(130,743)	-	-	(130,743)
Interfund receivables	79,883	-	18,557	98,440
Due from other governmental units	637,564	785,107	114,417	1,537,088
Prepaid item	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>80,000</u>
Total assets and other debits	<u>\$ 9,197,433</u>	<u>\$ 2,558,770</u>	<u>\$ 1,388,150</u>	<u>\$ 13,144,353</u>
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable	\$ 869,834	\$ 303,252	\$ 20,622	\$ 1,193,708
Contracts payable	13,249	250,232	-	263,481
Interfund payables	-	1,280	67,215	68,495
Due to other governmental units	2,330	-	45,588	47,918
Compensated absences	167,685	35,697	-	203,382
Retirement payable	3,308	-	-	3,308
Other current liabilities	<u>1,423</u>	<u>-</u>	<u>-</u>	<u>1,423</u>
Total liabilities	<u>1,057,829</u>	<u>590,461</u>	<u>133,425</u>	<u>1,781,715</u>
Deferred inflows of resources				
Deferred grant proceeds	<u>207,176</u>	<u>-</u>	<u>-</u>	<u>207,176</u>
Fund balances				
Nonspendable - prepaid item	80,000	-	-	80,000
Restricted for:				
Capital projects	50,000	-	-	50,000
Transportation	-	1,968,309	-	1,968,309
Other purposes	35,055	-	1,254,725	1,289,780
Assigned	44,706	-	-	44,706
Unassigned	<u>7,722,667</u>	<u>-</u>	<u>-</u>	<u>7,722,667</u>
Total fund balances	<u>7,932,428</u>	<u>1,968,309</u>	<u>1,254,725</u>	<u>11,155,462</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,197,433</u>	<u>\$ 2,558,770</u>	<u>\$ 1,388,150</u>	<u>\$ 13,144,353</u>

HAMILTON COUNTY, FLORIDA

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

September 30, 2014

Total fund balances for governmental funds \$ 11,155,462

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	1,453,604
Construction in progress	3,239,033
Buildings	8,982,218
Accumulated depreciation - buildings	(3,258,298)
Improvements other than buildings (infrastructure)	39,713,471
Accumulated depreciation - improvements other than buildings	(14,477,373)
Equipment	7,508,699
Accumulated depreciation - equipment	<u>(5,886,400)</u>
Total capital assets (See note 4.)	<u>37,274,954</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, 2014, are as follows:

Capital leases - current	(58,535)
Compensated absences - long-term	(519,895)
Capital leases - long-term	<u>(675,397)</u>
Total long-term debt	<u>(1,253,827)</u>
Total net position of governmental activities	<u>\$ 47,176,589</u>

HAMILTON COUNTY, FLORIDA

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

For the Year Ended September 30, 2014

	General Fund	County Transportation Trust Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 8,349,424	\$ 2,088,767	\$ 33,123	\$ 10,471,314
Licenses and permits	84,277	-	-	84,277
Intergovernmental revenues	3,246,188	3,608,192	652,908	7,507,288
Charges for services	879,541	4,900	365,074	1,249,515
Fines and forfeitures	13,215	-	244,173	257,388
Interest	9,991	1,331	2,721	14,043
Miscellaneous	<u>681,468</u>	<u>20,159</u>	<u>901</u>	<u>702,528</u>
Total revenues	<u>13,264,104</u>	<u>5,723,349</u>	<u>1,298,900</u>	<u>20,286,353</u>
Expenditures				
Current				
General government	3,016,243	-	31,334	3,047,577
Public safety	6,529,488	-	409,820	6,939,308
Physical environment	153,560	-	-	153,560
Transportation	-	1,849,273	-	1,849,273
Economic environment	631,183	-	412,374	1,043,557
Human services	823,074	-	-	823,074
Culture/recreation	903,720	-	-	903,720
Court related	234,233	-	444,657	678,890
Capital outlay	508,322	3,099,674	32,897	3,640,893
Debt service				
Principal	-	249,361	-	249,361
Interest	<u>-</u>	<u>21,954</u>	<u>-</u>	<u>21,954</u>
Total expenditures	<u>12,799,823</u>	<u>5,220,262</u>	<u>1,331,082</u>	<u>19,351,167</u>
Excess (deficiency) of revenues over expenditures	<u>464,281</u>	<u>503,087</u>	<u>(32,182)</u>	<u>935,186</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, 2014

	<u>General Fund</u>	<u>County Transportation Trust Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources (uses)				
Capital lease proceeds	\$ -	\$ 389,722	\$ -	\$ 389,722
Interfund transfers in	318,775	-	57,873	376,648
Interfund transfers out	<u>(292,968)</u>	<u>(269,357)</u>	<u>(74,419)</u>	<u>(636,744)</u>
Total other financing sources (uses)	<u>25,807</u>	<u>120,365</u>	<u>(16,546)</u>	<u>129,626</u>
 Special and extraordinary items				
Special item				
Sale of assets	<u>-</u>	<u>210,000</u>	<u>-</u>	<u>210,000</u>
Net change in fund balances	490,088	833,452	(48,728)	1,274,812
 Fund balances at beginning of year	<u>7,442,340</u>	<u>1,134,857</u>	<u>1,303,453</u>	<u>9,880,650</u>
Fund balances at end of year	<u>\$ 7,932,428</u>	<u>\$ 1,968,309</u>	<u>\$ 1,254,725</u>	<u>\$ 11,155,462</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, 2014

Net change in fund balances - total governmental funds \$ 1,274,812

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	3,681,348
Depreciation	(2,549,396)

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.

Principal reductions	249,362
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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	(34,968)
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In the governmental funds, capital lease proceeds are considered other financing sources. However, in the government-wide financial statements, the amount is reclassified to debt.

Capital lease debt	(389,722)
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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.

Adjustment to accrued annual leave	<u>46,900</u>
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Change in net position of governmental activities	<u>\$ 2,278,336</u>
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HAMILTON COUNTY, FLORIDA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

September 30, 2014

	Landfill <u>Enterprise</u>	I75/SR6 <u>Utility</u>	<u>Total</u>
Assets			
Current assets			
Cash	\$ 5,202	\$ 764,387	\$ 769,589
Accounts receivable	9,236	2,505	11,741
Due from other governments	<u>27,102</u>	<u>-</u>	<u>27,102</u>
Total current assets	<u>41,540</u>	<u>766,892</u>	<u>808,432</u>
Noncurrent assets			
Restricted assets - expendable			
Cash	<u>1,506,795</u>	<u>-</u>	<u>1,506,795</u>
Capital assets			
Land	110,391	156,975	267,366
Buildings and improvements	3,882,537	7,780	3,890,317
Infrastructure	-	5,856,702	5,856,702
Equipment	925,591	-	925,591
Accumulated depreciation	<u>(3,165,997)</u>	<u>(1,171,665)</u>	<u>(4,337,662)</u>
Net capital assets	<u>1,752,522</u>	<u>4,849,792</u>	<u>6,602,314</u>
Total noncurrent assets	<u>3,259,317</u>	<u>4,849,792</u>	<u>8,109,109</u>
Total assets	<u>\$ 3,300,857</u>	<u>\$ 5,616,684</u>	<u>\$ 8,917,541</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 25,634	\$ 3,503	\$ 29,137
Compensated absences	18,649	-	18,649
Retirement payable	829	-	829
Deposits	<u>-</u>	<u>1,400</u>	<u>1,400</u>
Total current liabilities	45,112	4,903	50,015
Noncurrent liabilities			
Estimated liability for landfill post-closure	<u>1,958,144</u>	<u>-</u>	<u>1,958,144</u>
Total liabilities	<u>2,003,256</u>	<u>4,903</u>	<u>2,008,159</u>
Net position			
Invested in capital assets, net of related debt	1,752,522	4,849,792	6,602,314
Unrestricted	<u>(454,921)</u>	<u>761,989</u>	<u>307,068</u>
Total net position	<u>1,297,601</u>	<u>5,611,781</u>	<u>6,909,382</u>
Total liabilities and net position	<u>\$ 3,300,857</u>	<u>\$ 5,616,684</u>	<u>\$ 8,917,541</u>

HAMILTON COUNTY, FLORIDA

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

For the Year Ended September 30, 2014

	<u>Landfill</u> <u>Enterprise</u>	I75/SR6 <u>Utility</u>	<u>Total</u>
Operating Revenues			
Physical environment			
Garbage/solid waste revenue	\$ 91,321	\$ -	\$ 91,321
Service charges - water/wastewater utilities	-	29,300	29,300
Sales of scrap	<u>10,561</u>	<u>-</u>	<u>10,561</u>
Total operating revenues	<u>101,882</u>	<u>29,300</u>	<u>131,182</u>
Operating Expenses			
Garbage/solid waste services			
Personal services			
Salaries Class III Landfill	92,435	-	92,435
Overtime	429	-	429
FICA taxes	5,687	-	5,687
FICA taxes - Medicare	1,330	-	1,330
Retirement contributions	7,325	-	7,325
Health insurance	25,463	-	25,463
Life insurance	125	-	125
Workers' compensation	<u>5,367</u>	<u>-</u>	<u>5,367</u>
Total personal services	<u>138,161</u>	<u>-</u>	<u>138,161</u>
Operating expenses			
Professional services	108,408	-	108,408
Contractual services	7,834	-	7,834
Contractual services	11,150	-	11,150
Communications	5,474	-	5,474
Utilities	4,446	-	4,446
Repair and maintenance	4,469	-	4,469
Repair and maintenance equipment	27,419	-	27,419
Other current charges	633	-	633
Leachate water treatment	-	-	-
Hazardous waste disposal	590	-	590
Closure costs	(4,966)	-	(4,966)
Other current charges - advertising	90	-	90
Office supplies	1,058	-	1,058
Operating supplies	16,076	-	16,076
Operating supplies - gas, oil, lube	453	-	453
Operating supplies - small tools	482	-	482
Books, publications, subscriptions	-	-	-
Depreciation	<u>116,671</u>	<u>-</u>	<u>116,671</u>
Total operating expenses	<u>300,287</u>	<u>-</u>	<u>300,287</u>
Total garbage and solid waste services	<u>438,448</u>	<u>-</u>	<u>438,448</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, 2014

Recycling (continued)			
Personal services			
Salaries - recycling	\$ 54,986	\$ -	\$ 54,986
Overtime	1,705	-	1,705
FICA taxes	3,434	-	3,434
FICA taxes - Medicare	803	-	803
Retirement contributions	3,994	-	3,994
Health insurance	22,152	-	22,152
Life insurance	109	-	109
Workers' compensation	<u>4,240</u>	<u>-</u>	<u>4,240</u>
Total personal services	<u>91,423</u>	<u>-</u>	<u>91,423</u>
Operating expenses			
Travel	403	-	403
Postage and freight	615	-	615
Utilities	1,998	-	1,998
Repair and maintenance-equipment	6,149	-	6,149
Promotional activities	370	-	370
Other current charges	254	-	254
Recycling solid waste	13,106	-	13,106
Other current charges - aluminum	672	-	672
Office supplies	591	-	591
Operating supplies	5,609	-	5,609
Operating supplies - fuel and lube	2,122	-	2,122
Dues and subscriptions	383	-	383
Education and training	<u>1,378</u>	<u>-</u>	<u>1,378</u>
Total operating expenses	<u>33,650</u>	<u>-</u>	<u>33,650</u>
Total recycling	<u>125,073</u>	<u>-</u>	<u>125,073</u>
Water-sewer Combination Services			
Operating expenses			
Contractual services	-	30,810	30,810
Utilities	-	34,074	34,074
Other current charges	-	385	385
Other current charges - advertising	-	-	-
Operating supplies	-	59,136	59,136
Depreciation	<u>-</u>	<u>293,159</u>	<u>293,159</u>
Total water-sewer combination services	<u>-</u>	<u>417,564</u>	<u>417,564</u>
Total operating expenses	<u>563,521</u>	<u>417,564</u>	<u>981,085</u>
Operating income (loss)	<u>(461,639)</u>	<u>(388,264)</u>	<u>(849,903)</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, 2014

Nonoperating revenues (expenses)			
Intergovernmental revenue			
Small County Consolidated Grant	\$ 90,340	\$ -	\$ 90,340
Other local government grant	-	31,523	31,523
Interest revenue	<u>1,707</u>	<u>1,222</u>	<u>2,929</u>
Total nonoperating revenues (expenses)	<u>92,047</u>	<u>32,745</u>	<u>124,792</u>
Income (loss) before transfers	(369,592)	(355,519)	(725,111)
Transfers in			
General Fund	<u>260,095</u>	<u>-</u>	<u>260,095</u>
Change in net position	(109,497)	(355,519)	(465,016)
Net position - beginning	<u>1,407,098</u>	<u>5,967,300</u>	<u>7,374,398</u>
Net position - ending	<u>\$ 1,297,601</u>	<u>\$ 5,611,781</u>	<u>\$ 6,909,382</u>

HAMILTON COUNTY, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended September 30, 2014

	<u>Landfill Enterprise</u>	<u>I75/SR6 Utility</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from customers	\$ 102,222	\$ 27,891	\$ 130,113
Cash paid to employees/employee benefits	(227,982)	-	(227,982)
Cash paid to suppliers/others	<u>(212,306)</u>	<u>(129,016)</u>	<u>(341,322)</u>
Net cash provided (used) by operating activities	<u>(338,066)</u>	<u>(101,125)</u>	<u>(439,191)</u>
Cash flows from non-capital financing activities			
State grants received	70,425	-	70,425
Local grants received	-	31,523	31,523
Interfund transfers	<u>260,095</u>	<u>-</u>	<u>260,095</u>
Cash provided by non-capital financing activities	<u>330,520</u>	<u>31,523</u>	<u>362,043</u>
Cash flows from capital and related financing activities			
Cash payments for buildings	<u>-</u>	<u>(7,780)</u>	<u>(7,780)</u>
Cash flows from investing activities			
Cash withdrawals from investment pool/certificates of deposit	3,966	98,777	102,743
Purchases of certificates of deposit	(2,152)	-	(2,152)
Interest received	<u>1,707</u>	<u>1,222</u>	<u>2,929</u>
Cash provided (used) by investing activities	<u>3,521</u>	<u>99,999</u>	<u>103,520</u>
Net increase (decrease) in cash and cash equivalents	(4,025)	22,617	18,592
Cash and cash equivalents, beginning	<u>23,202</u>	<u>53,882</u>	<u>77,084</u>
Cash and cash equivalents, ending (see below)	<u>\$ 19,177</u>	<u>\$ 76,499</u>	<u>\$ 95,676</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	<u>\$ (461,639)</u>	<u>\$ (388,264)</u>	<u>\$ (849,903)</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	116,671	293,159	409,830
(Increase) decrease in current assets			
Accounts receivable	340	(1,209)	(869)
Increase (decrease) in current liabilities			
Accounts payable	9,926	(4,611)	5,315
Accrued compensated absences	773	-	773
Payroll liabilities	829	-	829
Customer deposits	-	(200)	(200)
Landfill closure liability	<u>(4,966)</u>	<u>-</u>	<u>(4,966)</u>
Total adjustments	<u>123,573</u>	<u>287,139</u>	<u>410,712</u>
Net cash provided (used) by operating activities	<u>\$ (338,066)</u>	<u>\$ (101,125)</u>	<u>\$ (439,191)</u>
Cash per statement of net position			
Cash operating	\$ 5,202	\$ 764,387	\$ 769,589
Cash restricted	<u>1,506,795</u>	<u>-</u>	<u>1,506,795</u>
Total cash per statement of net position	1,511,997	764,387	2,276,384
Less: Certificate of deposit	<u>(1,492,820)</u>	<u>(687,888)</u>	<u>(2,180,708)</u>
Cash per the statement of cash flows	<u>\$ 19,177</u>	<u>\$ 76,499</u>	<u>\$ 95,676</u>
Noncash transactions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HAMILTON COUNTY, FLORIDA

**STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS**

September 30, 2014

	<u>Agency Funds</u>
Assets	
Cash	<u>\$ 763,217</u>
Liabilities	
Due to other government units	355,389
Other current liabilities	
Due to others	<u>407,828</u>
Total liabilities	<u>763,217</u>
Net position	<u><u>\$ -</u></u>

HAMILTON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2014

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, 2014, the County had deposits of \$1,506,795 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 deferred outflows by the provider and deferred inflows 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 9.

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 \$3,388,089 of restricted net position, none of which is restricted by enabling legislation.

N. Deferred Inflows of Resources

The County's statement of net position and its governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period. Deferred inflows of resources are reported in the County's governmental activities in the government-wide statement of net position and the general fund in the government funds balance sheet. The deferred inflow of resources is for grant revenues that are not considered available at September 30, 2014, due to the prepayment of the amounts prior to expenditure (being earned).

NOTE 2. DEPOSITS AND INVESTMENTS

Deposits with Financial Institutions - The County's cash at September 30, 2014, 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, 2014, 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, 2014, the County complied with the above requirements.

The County's cash deposits/investments at September 30, 2014, consisted of the following:

<u>Deposits/investments</u>	<u>Balance</u>
Board of County Commissioners (BCC)	\$ 12,580,405
Clerk of Circuit Court	817,707
Property Appraiser	44,536
Sheriff	689,510
Supervisor of Elections	16,319
Tax Collector	<u>157,263</u>
Total deposits	<u>\$ 14,305,740</u>

Chapter 218 *Florida Statutes* governs funds invested in Florida PRIME, the state's investment service for public funds. The County's deposits in Florida PRIME, a Securities and Exchange Commission Rule 2a7-like external investment pool 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, 2014, the Florida PRIME rating as established by Standard and Poors was AAAm. The weighted average day to maturity is 39 days.

The Florida PRIME investment policies can be viewed at: www.sbafla.com/prime.

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

	<u>Board of County Commissioners</u>	<u>Clerk of Courts</u>	<u>Property Appraiser</u>	<u>Sheriff</u>	<u>Supervisor of Elections</u>	<u>Tax Collector</u>	<u>Totals</u>
Deposits (including cert. of deposit)	\$ 12,501,618	\$ 816,457	\$ 44,536	\$ 689,510	\$ 16,319	\$ 157,263	\$ 14,225,703
Florida Prime	<u>78,787</u>	<u>1,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,037</u>
Total	<u>\$ 12,580,405</u>	<u>\$ 817,707</u>	<u>\$ 44,536</u>	<u>\$ 689,510</u>	<u>\$ 16,319</u>	<u>\$ 157,263</u>	<u>\$ 14,305,740</u>

NOTE 3. RECEIVABLES

Accounts receivable at September 30, 2014, consist of the following:

<u>Activity</u>	<u>Miscellaneous Amounts</u>	<u>Billed Accounts</u>	<u>Totals</u>
Governmental			
General	\$ 4,542	\$ 303,715	\$ 308,257

(Receivables continued)			
Special Revenue	15,119	-	15,119
Business-type			
Enterprise	-	11,741	11,741
Totals	<u>\$ 19,661</u>	<u>\$ 315,456</u>	<u>\$ 335,117</u>

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

EMS Patient Billings	\$ 303,715
Allowance for doubtful accounts	<u>(130,743)</u>
Net EMS receivables	<u>\$ 172,972</u>

Due from other government units at September 30, 2014, consists of the following:

Activity	State of Florida	Suwannee River Water Mgt District	Hamilton County Development Authority	Hamilton County Hospital Authority	Total
Governmental					
General	\$ 332,443	\$ 37,700	\$ 217,742	\$ 49,679	\$ 637,564
Special Revenue	899,524	-	-	-	899,524
Business - type					
Enterprise	<u>27,102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,102</u>
Totals	<u>\$ 1,259,069</u>	<u>\$ 37,700</u>	<u>\$ 217,742</u>	<u>\$ 49,679</u>	<u>\$ 1,564,190</u>

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014, was as follows:

	Balance 10/1/2013	Additions	Deletions	Balance 9/30/2014
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,450,620	\$ 2,984	\$ -	\$ 1,453,604
Construction in progress	<u>383,070</u>	<u>2,855,963</u>	<u>-</u>	<u>3,239,033</u>
Total capital assets not being depreciated	<u>1,833,690</u>	<u>2,858,947</u>	<u>-</u>	<u>4,692,637</u>
Capital assets being depreciated				
Buildings and improvements	8,970,992	11,226	-	8,982,218
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	36,834,242	-	-	36,834,242
Sidewalks & Canopies - Annex	30,000	-	-	30,000
Machinery, furniture, equipment, and vehicles				
Board of County Commissioners	5,165,419	522,099	492,988	5,194,530
Sheriff	<u>2,266,948</u>	<u>289,077</u>	<u>241,856</u>	<u>2,314,169</u>
Total capital assets being depreciated	<u>56,116,830</u>	<u>822,402</u>	<u>734,844</u>	<u>56,204,388</u>
Less accumulated depreciation for:				
Buildings and improvements	3,123,805	134,493	-	3,258,298
Improvements other than buildings				
Fences	12,397	380	-	12,777
Industrial park - infrastructure	369,260	44,375	-	413,635
Recreational facilities	141,731	25,989	-	167,720
Roads	12,108,324	1,759,916	-	13,868,240
Sidewalks & Canopies - Annex	13,500	1,500	-	15,000

(Continued)

Machinery, furniture, equipment, and vehicles				
Board of County Commissioners	4,313,520	387,483	492,988	4,208,015
Sheriff	<u>1,690,013</u>	<u>195,260</u>	<u>206,888</u>	<u>1,678,385</u>
Total accumulated depreciation	<u>21,772,550</u>	<u>2,549,396</u>	<u>699,876</u>	<u>23,622,070</u>
Total capital assets being depreciated net	<u>34,344,279</u>	<u>(1,726,994)</u>	<u>34,968</u>	<u>32,582,317</u>
Governmental activity capital assets, net	<u>\$ 36,177,969</u>	<u>\$ 1,131,953</u>	<u>\$ 34,968</u>	<u>\$ 37,274,954</u>

	Balance 10/1/2013	Additions	Deletions	Balance 9/30/2014
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	7,780	-	3,890,317
Water/wastewater plant	5,856,702	-	-	5,856,702
Equipment	<u>947,713</u>	<u>-</u>	<u>22,122</u>	<u>925,591</u>
Total capital assets being depreciated	<u>10,686,952</u>	<u>7,780</u>	<u>22,122</u>	<u>10,672,610</u>
Less accumulated depreciation for				
Buildings and improvements	1,966,978	93,228	-	2,060,206
Water/wastewater plant	878,505	292,835	-	1,171,340
Machinery, equipment, furniture, and vehicles	<u>1,104,470</u>	<u>23,768</u>	<u>22,122</u>	<u>1,106,116</u>
Total accumulated depreciation	<u>3,949,953</u>	<u>409,831</u>	<u>22,122</u>	<u>4,337,662</u>
Total capital assets being depreciated, net	<u>6,736,999</u>	<u>(402,051)</u>	<u>-</u>	<u>6,334,948</u>
Total business-type assets, net	<u>\$ 7,004,365</u>	<u>\$ (402,051)</u>	<u>\$ -</u>	<u>\$ 6,602,314</u>

Depreciation expense was charged to functions as follows:

Governmental activities

Function

General Government

Legislative	\$ 1,332
Financial & administrative	15,461
Other general government	<u>81,280</u>

Total general government 98,073

Public safety

Law enforcement	116,517
Fire control	934
Corrections	58,373
Protective inspections	-
Emergency and disaster relief	68,013
Ambulance and rescue services	<u>78,699</u>

Total public safety 322,536

Transportation

Road and street	<u>2,006,586</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

(Depreciation continued)	
Libraries	12,751
Parks and recreation	37,787
Cultural services	<u>21,095</u>
Total culture/recreation	<u>71,633</u>
Court related expenditures	
Clerk of Courts - Circuit	<u>-</u>
Totals	<u>\$ 2,549,396</u>

Business-type activities

Function

Physical environment

Garbage/solid waste control services	\$ 116,672
Water/sewer combination services	<u>293,159</u>
Total physical environment	<u>\$ 409,831</u>

NOTE 5. LONG-TERM OBLIGATIONS

CAPITAL LEASES

The County leases equipment with a historical cost and accumulated depreciation of \$901,710 and \$403,642, 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 Ring Investments, LLC for the purchase of two road graders. The agreements call for five annual payments of \$17,239 and a final payment of \$130,000 for each of the graders. All payments include interest of 2.80%.
- 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 (for each): 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%.

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, 2014:

Year Ending September 30,	Governmental Activities	Business-type Activities	Total
2015	\$ 81,314	\$ -	\$ 81,314
2016	\$ 269,707	\$ -	\$ 269,707
2017	159,479	-	159,479
2018	34,478	-	34,478
2019	<u>260,000</u>	<u>-</u>	<u>260,000</u>
Total minimum lease payments	804,978	-	804,978
Less: amount representing interest	<u>(71,040)</u>	<u>-</u>	<u>(71,040)</u>
Present value of future minimum lease payments	<u>\$ 733,938</u>	<u>\$ -</u>	<u>\$ 733,938</u>

Changes in Long-Term Obligations

During the year ended September 30, 2014, the following changes occurred in the County's long-term obligations:

<u>Governmental Activities Long-term Obligations</u>	Balance October 1, 2013	Additions	Deletions	Balance September 30, 2014	Amounts Due Within One Year
Capital leases	\$ 593,577	\$ 389,722	\$ 249,361	\$ 733,938	\$ 58,542
Compensated absences	<u>788,523</u>	<u>488,992</u>	<u>554,238</u>	<u>723,277</u>	<u>203,381</u>
Totals	<u>\$ 1,382,100</u>	<u>\$ 878,714</u>	<u>\$ 803,599</u>	<u>\$ 1,457,215</u>	<u>\$ 261,923</u>

<u>Business-type Obligations</u>	Balance October 1, 2013	Additions	Deletions	Balance September 30, 2014	Amounts Due Within One Year
Estimated liability for landfill closure	\$ 1,963,110	\$ -	\$ 4,966	\$ 1,958,144	\$ -
Compensated absences	<u>17,876</u>	<u>15,568</u>	<u>14,795</u>	<u>18,649</u>	<u>18,649</u>
	<u>\$ 1,980,986</u>	<u>\$ 15,568</u>	<u>\$ 19,761</u>	<u>\$ 1,976,793</u>	<u>\$ 18,649</u>

NOTE 6. INTERFUND ACTIVITIES

Interfund receivable and payables at September 30, 2014, are as follows:

<u>Major Funds</u>	Interfund Receivables	Interfund Payables
General	\$ 79,883	\$ -
Transportation Trust	<u>-</u>	<u>1,280</u>
Total major funds	<u>79,883</u>	<u>1,280</u>
<u>Nonmajor Funds</u>		
CDBG	-	-
Fine and forfeiture	5,514	-
Fine and forfeiture (Clerk)	-	23,810
Public Records Modernization Trust	13,043	-
Sheriff's Emergency Management Fund	<u>-</u>	<u>43,405</u>
Total nonmajor funds	<u>18,557</u>	<u>67,215</u>
<u>Fiduciary Funds (Agency)</u>		
Clerk's Trust	-	14,752

(Continued)

Tax Collector's Trust	-	1,777
Property Appraiser's Trust	-	13,143
Supervisor of Elections' Trust	-	273
Total nonmajor funds	-	29,945
Total all funds	\$ 98,440	\$ 98,440

Year-end interfund receivables and payables represent year end budget excesses, amounts owed for grant receipts between funds, fees, 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, 2014 were as follows:

<u>Major Funds</u>	<u>Interfund Transfer In</u>	<u>Interfund Transfers Out</u>
General	\$ 318,775	\$ 292,969
Transportation Trust	-	269,357
Landfill Enterprise	260,096	-
Total major funds	578,871	562,326
<u>Nonmajor Funds</u>		
Fine and Forfeiture BCC	-	47,823
Fine and Forfeiture Clerk	-	1,595
SHIP	25,000	-
CDBG	-	25,000
Sheriff's Emergency Management Fund	32,873	-
Total nonmajor funds	57,873	74,418
Total all funds	\$ 636,744	\$ 636,744

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>Interfund</u>	
	<u>Payables</u>	<u>Receivables</u>
HCBCC	\$ -	\$ (417,724)
Clerk of Courts	(141,405)	-
Property Appraiser	(44,536)	-
Sheriff	(190,889)	-
Supervisor of Elections	(11,937)	-
Tax Collector	(28,957)	-
Totals	\$ (417,724)	\$ (417,724)

	<u>Interfund</u>	
	<u>Transfers in</u>	<u>Transfers out</u>
HCBCC	\$ -	\$ (5,983,958)
Clerk of Courts	(257,158)	-
Property Appraiser	(592,868)	-
Sheriff	(4,934,770)	-
Supervisor of Elections	(198,694)	-
Tax Collector	(468)	-
Totals	\$ (5,983,958)	\$ (5,983,958)

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, 2014, \$1,958,144 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, 2014, and recognition of \$220,934 in closure costs (19.97% of capacity filled) and \$97,277 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 \$885,405 and post-closure costs of \$396,761 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 2014. 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, 2014, restricted deposits of \$1,506,795 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 2014-15 fiscal year. See below.

At September 30, 2014, the unassigned general fund balance was \$7,722,667 or sixty percent of the General Fund’s total expenditures.

A summary of the fund balances at September 30, 2014, is as follows:

Description	General Fund	Transportation Trust Fund	Other	Total	Restriction/Purpose
			Governmental Funds	Governmental Funds	
Fund balances:					
Nonspendable					
Prepaid item	\$ 80,000	\$ -	\$ -	\$ 80,000	GASBS No. 54
Restricted for:					
Capital projects	50,000	-	-	50,000	GASBS No. 34
Transportation	-	1,968,309	-	1,968,309	Florida Statutes Chapters 206 and 207
Other purposes:					
Fine & Forfeiture	-	-	350,769	350,769	Florida Statutes 938.15, 932.704, 775.083
SHIP	-	-	294,978	294,978	Florida Statutes 420.9072
Tourist Development	-	-	22,590	22,590	Florida Statutes 125.0104
Public Record Modernization	-	-	97,741	97,741	Florida Statutes 28.24
Inmate Welfare	-	-	88,165	88,165	Florida Statutes 951.23
911 Communications	-	-	400,482	400,482	Florida Statutes 365.172
County Fair	35,055	-	-	35,055	GASBS No. 34

(Fund balances continued)

Assigned	44,706	-	-	44,706	GASBS No. 54
Unassigned	<u>7,722,667</u>	-	-	<u>7,722,667</u>	-
Total fund balance	<u>\$ 7,932,428</u>	<u>\$ 1,968,309</u>	<u>\$ 1,254,725</u>	<u>\$ 11,155,462</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, 2014, the employer contribution rates were as follows:

Class	Rate
Regular.....	7.37%
Special Risk.....	19.82%
Special Risk Administrative Support.....	42.07%
Elected Officers'	
Judges	33.17%
Governor, Lt. Governor, Cabinet, Legislators, State Attorneys, and Public Defenders.....	32.60%
Elected County Officials (in EOC).....	43.24%
Senior Management Service.....	21.14%
DROP.....	12.28%

The County's contribution requirement for the year ended September 30, 2014, was as follows:

	Total Payroll	Covered Payroll	2014 Contributions		Percent of Covered Payroll	2013 Contribution	2012 Contribution
			Employer	Employee			
Tax Collector	\$ 236,695	\$ 236,695	\$ 49,848	\$ 7,101	21.06%	\$ 24,105	\$ 17,319
Supervisor of Elections	119,656	110,701	12,210	985	11.03%	7,190	5,172
Property Appraiser	321,325	321,325	31,668	4,857	9.86%	23,472	21,876
Sheriff	2,890,526	2,683,352	384,089	61,931	14.31%	293,169	259,163
Clerk of Courts	574,229	574,229	72,777	16,173	12.67%	42,018	33,197
Board of County Commissioners	<u>2,468,866</u>	<u>2,365,929</u>	<u>282,084</u>	<u>65,316</u>	11.92%	<u>205,452</u>	<u>176,605</u>
Totals	<u>\$ 6,611,297</u>	<u>\$ 6,292,231</u>	<u>\$ 832,676</u>	<u>\$ 156,363</u>		<u>\$ 595,406</u>	<u>\$ 513,332</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 \$(22.445) billion, as follows:

	in Billions		
	2014	2013	2012
Actuarial Accrued Liability	\$ 154.126	\$ 148.050	\$ 145.034
Actuarial Value of Assets	<u>131.681</u>	<u>127.892</u>	<u>126.078</u>
Unfunded Actuarial Accrued Liability	<u>\$ (22.445)</u>	<u>\$ (20.158)</u>	<u>\$ (18.956)</u>
Funded ratio	<u>85.44%</u>	<u>86.38%</u>	<u>86.93%</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 2012-13 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, 2014, the County had the following construction related commitments:

<u>Construction Contractor</u>	<u>Project</u>	<u>Contract Amount</u>	<u>Paid through September 30, 2014</u>	<u>Remaining Balance</u>
Anderson Columbia	CR 135	\$ 2,729,015	\$ 2,501,982	\$ 227,033
D&L Contracting LLC	Gibson Park Boat Ramp	398,078	132,493	265,585
The Scruggs Company	CR 143	1,687,748	-	1,687,748

<u>Administrative & Engineering Services</u>	<u>Project</u>	<u>Contract Amount</u>	<u>Paid through September 30, 2014</u>	<u>Remaining Balance</u>
North Florida Professional Services, Inc.	CR 135	\$ 155,587	\$ 129,653	\$ 25,934
North Florida Professional Services, Inc.	CR 143	134,711	67,355	67,356
North Florida Professional Services, Inc.	Gibson Park	37,450	14,980	22,470

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.

NOTE 15. Current/Future Accounting Pronouncements

The following statements of the Governmental Accounting Standards Board were 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*
- Statement No. 70, *Accounting and financial reporting for Nonexchange Financial Guarantees*

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

The following statements will be effective for the County’s 2014-15 fiscal year:

- GASBS No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*
- GASBS No. 69, Government Combinations and Disposals of Government Operations*
- GASBS No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*

The County is evaluating the effects that these statements will have on its financial statements for the year ending September 30, 2015.

NOTE 16. SUBSEQUENT EVENTS

Grants awarded:

<u>Grantor (Florida)</u>	<u>Description</u>	<u>Grant ID No./Information</u>	<u>Amount</u>	<u>Event date</u>
Department of Transportation	Widening and resurfacing of NW 23rd Blvd	430697-1-58-01	\$ 2,142,849	10/28/2014
Department of Economic Opportunity	CDBG Grant	15DB-OJ-03-34-01-H16	700,000	2/6/2015
Department of Transportation	Resurfacing of Johns Street	437261-1-54-01	84,908	5/7/2015
Department of Transportation	Widening and resurfacing of NW 16th Ave	433030-1-58-01	714,000	1/20/2015
Department of Transportation	Resurfacing of 1st Street	437259-1-54-01	61,544	4/14/2015
Department of Transportation	Reconstruction of NW 96th Place	437235-1-54-01	400,000	4/14/2015

Donation of land:

Suwannee River Water Management District	Parcel #3221-000	46.65 acres	76,923	3/25/2015
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Construction contracts awarded:

The Scruggs Company	CR 143 widening and resurfacing	425411-1-58-01	1,687,748	2/3/2015
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Significant purchases:

Flagler Construction Equipment	motor grader	five year lease purchase	246,000	10/7/2014
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County management has evaluated the subsequent events through the date of the audit report – June 5, 2015.

**REQUIRED SUPPLEMENTARY
INFORMATION**

HAMILTON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2014

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balance	\$ 5,340,350	\$ 5,340,350	\$ 7,442,340	\$ 2,101,990
Estimated receipts				
Taxes	7,894,331	7,894,331	8,349,424	455,093
Licenses and permits	62,177	62,177	84,277	22,100
Intergovernmental revenues	3,378,559	3,378,559	3,246,188	(132,371)
Charges for services	1,261,207	1,261,207	879,541	(381,666)
Judgments, fines, and forfeits	7,802	7,802	13,215	5,413
Miscellaneous revenues	164,476	262,614	691,459	428,845
Other sources	<u>264,226</u>	<u>264,226</u>	<u>318,775</u>	<u>54,549</u>
Total estimated receipts and balances	<u>18,373,128</u>	<u>18,471,266</u>	<u>21,025,219</u>	<u>2,553,953</u>
Appropriations				
General government	3,856,378	3,856,378	3,082,047	(774,331)
Public safety	6,871,186	7,069,363	6,809,739	(259,624)
Physical environment	157,274	157,274	153,560	(3,714)
Economic environment	98,005	98,005	634,903	536,898
Human services	614,478	614,478	823,074	208,596
Culture/recreation	1,240,373	1,240,373	1,062,266	(178,107)
Other uses	5,292,716	5,200,326	292,969	(4,907,357)
Court related	<u>242,718</u>	<u>235,069</u>	<u>234,233</u>	<u>(836)</u>
Total appropriations	<u>18,373,128</u>	<u>18,471,266</u>	<u>13,092,791</u>	<u>(5,378,475)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,932,428</u>	<u>\$ 7,932,428</u>

HAMILTON COUNTY, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
COUNTY TRANSPORTATION TRUST FUND**

For the Year Ended September 30, 2014

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
Budgetary fund balance	\$ 787,124	\$ 787,124	\$ 1,134,857	\$ 347,733
Estimated receipts				
Taxes	1,733,927	1,733,927	2,088,767	354,840
Intergovernmental revenue	3,159,409	3,159,409	3,608,192	448,783
Charges for services	1,000	1,000	4,900	3,900
Miscellaneous revenues	246,707	246,707	231,490	(15,217)
Other financing sources	<u>400,000</u>	<u>400,000</u>	<u>389,722</u>	<u>(10,278)</u>
Total estimated receipts and balances	<u>6,328,167</u>	<u>6,328,167</u>	<u>7,457,928</u>	<u>1,129,761</u>
Appropriations				
Transportation				
Roads and bridges				
Personal services	1,423,749	1,423,749	1,266,496	157,253
Operating expenditures	555,808	555,808	547,773	8,035
Capital outlay	2,813,279	2,813,279	3,099,674	(286,395)
Debt service	276,836	276,836	271,314	5,522
Grants & Aids	12,884	12,884	35,005	(22,121)
Other uses	<u>264,226</u>	<u>264,226</u>	<u>269,357</u>	<u>(5,131)</u>
Total transportation	5,346,782	5,346,782	5,489,619	(142,837)
Reserves				
Reserve for contingencies	<u>981,385</u>	<u>981,385</u>	<u>-</u>	<u>981,385</u>
Total appropriations	<u>6,328,167</u>	<u>6,328,167</u>	<u>5,489,619</u>	<u>838,548</u>
Budgetary fund balance at year end	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,968,309</u>	<u>\$ 1,968,309</u>

HAMILTON COUNTY, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULES

September 30, 2014

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, 2014, 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 CDBG and 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	\$ 21,025,219	\$ 7,457,928
Adjustments		
Budgetary fund balance is an amount available for appropriation but is not considered a revenue for GAAP reporting	(7,442,340)	(1,134,857)
Transfers in are available for appropriation but are not revenues for GAAP reporting	(318,775)	-
Special and extraordinary items are available for appropriation but are not revenues for GAAP reporting	-	(210,000)
Capital lease proceeds are available for appropriation but are not revenues for GAAP reporting	-	(389,722)
Total revenues reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 13,264,104</u>	<u>\$ 5,723,349</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total appropriations" from the budgetary comparison schedules	\$ 13,092,791	\$ 5,489,619
Transfers out are appropriations for budgeting purposes but are not expenditures for GAAP reporting	<u>(292,968)</u>	<u>(269,357)</u>
Total expenditures reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 12,799,823</u>	<u>\$ 5,220,262</u>

SUPPLEMENTARY INFORMATION

HAMILTON COUNTY, FLORIDA

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS

September 30, 2014

	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
Assets										
Cash	\$ 345,065	\$ -	\$ 315,569	\$ 20,149	\$ 84,698	\$ -	\$ -	\$ 84,520	\$ 400,482	\$ 1,250,483
Accounts receivable	190	-	-	858	-	-	-	3,645	-	4,693
Interfund receivables	5,514	-	-	-	13,043	-	-	-	-	18,557
Due from other governmental units	-	-	-	1,583	-	69,428	43,406	-	-	114,417
Total assets	<u>\$ 350,769</u>	<u>\$ -</u>	<u>\$ 315,569</u>	<u>\$ 22,590</u>	<u>\$ 97,741</u>	<u>\$ 69,428</u>	<u>\$ 43,406</u>	<u>\$ 88,165</u>	<u>\$ 400,482</u>	<u>\$ 1,388,150</u>
Liabilities and fund balances										
Liabilities										
Accounts payable	\$ -	\$ -	\$ 20,591	\$ -	\$ -	\$ 30	\$ 1	\$ -	\$ -	\$ 20,622
Interfund payables	-	-	-	-	-	23,810	43,405	-	-	67,215
Due to other governmental units	-	-	-	-	-	45,588	-	-	-	45,588
Other current liabilities	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>20,591</u>	<u>-</u>	<u>-</u>	<u>69,428</u>	<u>43,406</u>	<u>-</u>	<u>-</u>	<u>133,425</u>
Fund balances										
Restricted for:										
Other purposes	<u>350,769</u>	<u>-</u>	<u>294,978</u>	<u>22,590</u>	<u>97,741</u>	<u>-</u>	<u>-</u>	<u>88,165</u>	<u>400,482</u>	<u>1,254,725</u>
Total liabilities and fund balance	<u>\$ 350,769</u>	<u>\$ -</u>	<u>\$ 315,569</u>	<u>\$ 22,590</u>	<u>\$ 97,741</u>	<u>\$ 69,428</u>	<u>\$ 43,406</u>	<u>\$ 88,165</u>	<u>\$ 400,482</u>	<u>\$ 1,388,150</u>

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, 2014

	<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	\$ -	\$ -	\$ -	\$ 33,123	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,123
Intergovernmental revenues	-	-	350,000	-	-	80,417	184,710	-	37,781	652,908
Charges for services	-	-	-	-	13,078	215,506	-	27,602	108,888	365,074
Fines and forfeitures	51,335	-	-	-	42,620	150,207	-	11	-	244,173
Interest	1,679	-	164	25	-	123	-	185	545	2,721
Miscellaneous	-	-	-	858	-	-	-	43	-	901
Total revenues	<u>53,014</u>	<u>-</u>	<u>350,164</u>	<u>34,006</u>	<u>55,698</u>	<u>446,253</u>	<u>184,710</u>	<u>27,841</u>	<u>147,214</u>	<u>1,298,900</u>
Expenditures										
Current										
General government	-	-	-	-	31,334	-	-	-	-	31,334
Public safety	7,808	-	-	-	-	-	217,583	61,819	122,610	409,820
Economic environment	-	-	367,823	44,551	-	-	-	-	-	412,374
Court related	-	-	-	-	-	444,657	-	-	-	444,657
Capital outlay	-	-	-	-	-	-	-	32,897	-	32,897
Debt service										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>7,808</u>	<u>-</u>	<u>367,823</u>	<u>44,551</u>	<u>31,334</u>	<u>444,657</u>	<u>217,583</u>	<u>94,716</u>	<u>122,610</u>	<u>1,331,082</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, 2014

	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	\$ 45,206	\$ -	\$ (17,659)	\$ (10,545)	\$ 24,364	\$ 1,596	\$ (32,873)	\$ (66,875)	\$ 24,604	\$ (32,182)
Other financing sources (uses)										
Interfund transfers in	-	-	25,000	-	-	-	32,873	-	-	57,873
Interfund transfers out	-	(25,000)	-	-	-	(1,596)	-	-	-	(26,596)
Transfers out to Constitutional Officers	(47,823)	-	-	-	-	-	-	-	-	(47,823)
Total other financing sources (uses)	(47,823)	(25,000)	25,000	-	-	(1,596)	32,873	-	-	(16,546)
Net change in fund balances	(2,617)	(25,000)	7,341	(10,545)	24,364	-	-	(66,875)	24,604	(48,728)
Fund balances at beginning of year	353,386	25,000	287,637	33,135	73,377	-	-	155,040	375,878	1,303,453
Fund balances at end of year	\$ 350,769	\$ -	\$ 294,978	\$ 22,590	\$ 97,741	\$ -	\$ -	\$ 88,165	\$ 400,482	\$ 1,254,725

HAMILTON COUNTY, FLORIDA

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

September 30, 2014

	Agency Funds									Totals
	<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>	
Assets										
Cash	<u>\$ 46,801</u>	<u>\$ 164,740</u>	<u>\$ 421,930</u>	<u>\$ -</u>	<u>\$ 29</u>	<u>\$ 3,806</u>	<u>\$ 125,911</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 763,217</u>
Liabilities										
Due to other govt. units	-	-	232,263	-	-	-	123,126	-	-	355,389
Other current liabilities										
Due to others	<u>46,801</u>	<u>164,740</u>	<u>189,667</u>	<u>-</u>	<u>29</u>	<u>3,806</u>	<u>2,785</u>	<u>-</u>	<u>-</u>	<u>407,828</u>
Total liabilities	<u>46,801</u>	<u>164,740</u>	<u>421,930</u>	<u>-</u>	<u>29</u>	<u>3,806</u>	<u>125,911</u>	<u>-</u>	<u>-</u>	<u>763,217</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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Budgetary/actual fund balance	\$ 280,304	\$ 336,244	\$ 353,386	\$ 17,142
Estimated receipts				
Fines and forfeits				
Judgments and fines	7,500	5,986	51,335	45,349
Other fines and/or forfeits	65,405	45,349	-	(45,349)
Miscellaneous revenues				
Interest	<u>600</u>	<u>357</u>	<u>1,679</u>	<u>1,322</u>
Total estimated receipts and balances	<u>353,809</u>	<u>387,936</u>	<u>406,400</u>	<u>18,464</u>
Appropriations				
Public safety				
Emergency and disaster relief services				
Operating expenditures	17,565	50,783	7,808	42,975
Other financing uses				
Interfund transfers out	-	4,848	47,823	(42,975)
Reserves	<u>336,244</u>	<u>332,305</u>	<u>-</u>	<u>332,305</u>
Total appropriations	<u>353,809</u>	<u>387,936</u>	<u>55,631</u>	<u>332,305</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 350,769</u>	<u>\$ 350,769</u>

HAMILTON COUNTY, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
CDBG HOUSING CONSTRUCTION FUND**

For the Year Ended September 30, 2014

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

HAMILTON COUNTY, FLORIDA

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

For the Year Ended September 30, 2014

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
Budgetary fund balance	\$ 11,741	\$ 11,741	\$ 287,637	\$ 275,896
Estimated receipts				
Intergovernmental revenue				
Local Housing Assistance Program	350,000	350,000	350,000	-
Miscellaneous revenues				
Interest	-	-	164	164
Other financing sources				
Interfund transfer in	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>
Total estimated receipts and balances	<u>361,741</u>	<u>361,741</u>	<u>662,801</u>	<u>301,060</u>
Appropriations				
Economic environment				
Housing and urban development				
Operating expenditures	<u>361,741</u>	<u>361,741</u>	<u>367,823</u>	<u>(6,082)</u>
Budgetary fund balance at year end	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 294,978</u>	<u>\$ 307,142</u>

HAMILTON COUNTY, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
TOURIST DEVELOPMENT FUND**

For the Year Ended September 30, 2014

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
Budgetary fund balance	\$ 23,784	\$ 10,545	\$ 33,135	\$ 22,590
Estimated receipts				
Taxes				
Local option tourist development tax	30,000	33,123	33,123	-
Miscellaneous revenues				
Interest	40	25	25	-
Other miscellaneous revenues	-	858	858	-
Other financing sources				
Interfund transfer in	<u>468</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total estimated receipts and balances	<u>54,292</u>	<u>44,551</u>	<u>67,141</u>	<u>22,590</u>
Appropriations				
Economic environment				
Industry development				
Personal services	7,892	6,516	6,516	-
Operating expenditures	44,900	38,035	38,035	-
Capital outlay	1,500	-	-	-
Grants and aids	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total industry development	<u>54,292</u>	<u>44,551</u>	<u>44,551</u>	<u>-</u>
Budgetary fund balance at year end	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,590</u>	<u>\$ 22,590</u>

COMPLIANCE SECTION

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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**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, 2014, 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 5, 2015.

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 5, 2015

HAMILTON COUNTY, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended September 30, 2014

Federal/State Agency Pass through Entity Federal Program/State Project	CFDA / CSFA Number	Grant/Contract Number	Award Amount	Beginning Balance 10/1/2013	Revenue	Expenditures	Transfers to Subrecipients	Ending Balance 9/30/2014
Federal Financial Assistance								
Department of Homeland Security								
Florida Division of Emergency Management Emergency Management Performance Grants	97.042	14-FG-1M-03-34-01-091	\$ 43,483	\$ -	\$ 43,483	\$ 43,483	\$ -	\$ -
Florida Division of Emergency Management Homeland Security Grant Program	97.067	12-DS-20-03-34-01-490	20,000	-	20,000	20,000	-	-
Homeland Security Grant Program	97.067	13-DS-97-03-34-01-481	<u>10,923</u>	-	<u>10,923</u>	<u>10,923</u>	-	-
Total Homeland Security Grant Program	97.067		<u>30,923</u>	-	<u>30,923</u>	<u>30,923</u>	-	-
United States Department of Health and Human Services								
Florida Department of Revenue Child Support Enforcement	93.563	CD324	162,431	-	162,431	162,431	-	-
Election Assistance Commission								
Florida Department of State Help America Vote Act	90.401	Appropriation 2939	-	-	1,362	1,362	-	4,382
Department of Interior, Fish and Wildlife Service								
Florida Fish and Wildlife Conservation Commission Sport Fish Restoration Program	15.605	FL-F-F13AF01275	145,000	-	51,616	51,616	-	-
United States Department of Justice								
Florida Department of Law Enforcement Byrne JAG Program	16.738	2014-JAGC-HAMI-1-E5-066	<u>43,550</u>	-	<u>39,936</u>	<u>39,936</u>	-	-
Total federal assistance			<u>425,387</u>	-	<u>329,751</u>	<u>329,751</u>	-	<u>4,382</u>
State Financial Assistance								
Executive Office of the Governor								
Division of Emergency Management								
Emergency Management Programs	31.063	14-BG-83-03-34-01-024	105,806	-	66,898	66,898	-	-
Emergency Management Programs	31.063	15-BG-83-03-34-01-024	<u>105,806</u>	-	<u>43,406</u>	<u>43,406</u>	-	-
Total Emergency Management Programs	31.063		<u>211,612</u>	-	<u>110,304</u>	<u>110,304</u>	-	-
Office of the State Courts Administrator								
Facilities Grant In Aid	22.004	Specific Appropriation 3247A	-	214,019	11,226	11,226	-	202,793
Florida Department of Health								
Emergency Medical Services Matching Awards	64.003	C2024	6,527	-	6,527	6,527	-	-

(Continued)
See notes to schedule.

HAMILTON COUNTY, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended September 30, 2014

Federal/State Agency Pass through Entity Federal Program/State Project	CFDA / CSFA Number	Grant/Contract Number	Award Amount	Beginning Balance 10/1/2013	Revenue	Expenditures	Transfers to Subrecipients	Ending Balance 9/30/2014
Florida Department of Transportation								
Small County Road Assistance Program	55.016	430742-1-58-01	\$ 2,968,502	\$ -	\$ 2,554,183	\$ 2,554,183	\$ -	\$ -
Small County Outreach Program	55.009	425411-1-58-01	1,818,600	-	67,355	67,355	-	-
Florida Housing Finance Corporation								
State Housing Initiatives Partnership (SHIP) Program	52.901	-	-	287,638	350,000	367,823	-	294,979
Fish and Wildlife Conservation Commission								
Florida Boating Improvement Program	77.006	FL-F-F13AF01275	266,950	-	95,858	95,858	-	-
Florida Department of Management Services								
Wireless 911 Emergency Telephone System	72.001	13-10-11	37,961	-	37,781	37,781	-	-
Florida Department of Environmental Protection								
Small County Consolidated Grants	37.012	413SC	90,340	-	90,340	90,340	-	-
Florida Department of State and Secretary of State								
State Aid to Libraries	45.030	14-ST-84	<u>225,849</u>	<u>-</u>	<u>225,849</u>	<u>225,849</u>	<u>-</u>	<u>-</u>
Total state financial assistance			<u>5,626,341</u>	<u>501,657</u>	<u>3,549,423</u>	<u>3,567,246</u>	<u>-</u>	<u>497,772</u>
Total financial assistance			<u>\$ 6,051,728</u>	<u>\$ 501,657</u>	<u>\$ 3,879,174</u>	<u>\$ 3,896,997</u>	<u>\$ -</u>	<u>\$ 502,154</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, 2014. 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.

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**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, 2014. 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, 2014.

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 5, 2015

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

For the Year Ended September 30, 2014

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 Road Assistance Program
State Housing Initiatives Partnership (SHIP)

State CSFA No.

55.016
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.

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INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Board of County Commissioners
Hamilton County, Florida

I have examined Hamilton County, Florida's compliance with *Florida Statutes* 218.415 during the period ended September 30, 2014. Management is responsible for the County's compliance with those requirements. My responsibility is to express an opinion on Hamilton County, Florida's compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my examination provides a reasonable basis for my opinion. My examination does not provide a legal determination on Hamilton County, Florida's compliance with the requirements.

In my opinion, Hamilton County, Florida, complied in all material respects, with the aforementioned requirements for the year ended September 30, 2014.



Kenneth M. Daniels
Certified Public Accountant
June 5, 2015

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MANAGEMENT LETTER

To the Honorable Board of County Commissioners
Hamilton County, Florida

Report on the Financial Statements

I have audited the financial statements of Hamilton County, Florida, as of and for the fiscal year ended September 30, 2014, and have issued my report thereon dated June 5, 2015.

Auditor's Responsibility

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.

Other Reports

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards, Independent Auditor's Report on Compliance for Each State Project and Report on Internal Control over Compliance for Each Major State Project, Schedule of Findings and Questioned Costs, and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550 *Rules of the Auditor General*. Disclosures in those reports and schedule, which is dated June 5, 2015, should be considered in conjunction with this management letter.

Prior year findings

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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Current year audit findings

2014-001 Cash Collections

Criteria: Collections outside the Clerk's finance department should be submitted with auditable support.

Condition: From my audit of revenues, I noted that certain donations for the Veterans Park and Fair Committee were remitted without documentation other than copies of the amounts collected.

Cause: Failure to document and acknowledge amounts received.

Effect: Donations remitted to remote locations risk possible loss if there is no documentation of amounts collected.

Recommendation: To reduce the risk of loss and document the amounts collected, I recommend that the Clerk's office provide receipt books to the individuals collecting funds. Receipts should be provided for all amounts collected. Copies of the receipts should accompany the proceeds remitted to the Clerk's office for deposit. The receipts should be tracked numerically and proceeds agreed to the corresponding receipts' total.

2014-002 Form SHIP AR/2009

Criteria: Amounts reported on Form SHIP AR/2009 should be traceable to the County's SHIP Fund's general ledger detail.

Condition: Of the twelve amounts claimed on the report, I was unable to agree the amounts claimed to the disbursements entered into the general ledger.

Cause: Failure to agree and retain supporting documentation.

Effect: Reporting of amounts that possibly do not agree to the County's financial records.

Recommendation: Agree and support the amounts reported on Form SHIP AR/2009 with entries taken directly from the County's general ledger and retain for future post year-end audit review.

Official Title and Legal Authority

Section 10.554(1)(i)4., *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. The Hamilton County, Florida's financial statements included no component units.

Financial Condition

Section 10.554(1)(i)5.a., *Rules of the Auditor General*, requires that I report the results of my determination as to whether or not the Hamilton County, Florida, has met one or more of the conditions described in Section 218.503(1), *Florida Statutes*, and identification of the specific condition(s) met. In connection with my audit, I determined that the Hamilton County, Florida, did not meet any of the conditions described in Section 218.503(1), *Florida Statutes*.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), *Rules of the Auditor General*, I applied financial condition assessment procedures. It is management's responsibility to monitor the Hamilton County's financial condition, and my financial information provided by the same. The financial condition assessment was performed as of September 30, 2014.

Annual Financial Report

Section 10.554(1)(i)5.b., *Rules of the Auditor General*, requires that I report the results of my determination as to whether the annual financial report for the Hamilton County, Florida, for the fiscal year ended September 30, 2014, 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, 2014. In connection with my audit, I determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., *Rules of the Auditor General*, requires that I determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), *Florida Statutes*. In connection with my audit, I determined that there were no applicable special district component units and, therefore, nothing to report.

Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that I address in the management letter any recommendations to improve financial management. In connection with my audit, I did not have any such recommendations other than those indicated above.

Section 10.554(1)(i)3., *Rules of the 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.

Purpose of this Letter

Our 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, Federal and other granting agencies, the Council Members, and applicable 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 5, 2015

**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

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Jasper, Florida 32052
(386) 792-1288
FAX (386) 792-3524

June 5, 2015

Kenneth M. Daniels, CPA
107 2nd Ave SE
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, 2014, and respond herein to the findings:

As to *Management Letter*, Section II, Page 54-56, Current year audit findings, Finding Number 2014-001 – Cash Collections: receipt books will be provided to select individuals collecting funds for the ongoing projects. Copies of the receipts will be remitted along with the collections. Finance staff will ensure that the amount remitted agrees to the receipts' total.

As to *Management Letter*, Section II, Page 54-56, Current year audit findings, Finding Number 2014-002 – Form SHIP AR/2009: All future forms will be supported by transactions taken directly from the County's financial records (general ledger). The supporting documentation will be retained for future reference.

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
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INDEPENDENT AUDITOR'S REPORT

Honorable Clerk of the Circuit Court
Hamilton County, Florida

Report on the Financial Statements

I have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Hamilton County Clerk of the Circuit Court, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Hamilton County Clerk of the Circuit Court's 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 the 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 opinion.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information for the Hamilton County Clerk of the Circuit Court, as of September 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Hamilton County, Florida, that is attributable to the Hamilton County Clerk of the Circuit Court. They do not purport to, and do not, present fairly the financial position of Hamilton County, Florida, as of September 30, 2014, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. My opinion is not modified with respect to these matters.

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 financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge I obtained during my audit of the 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.

Supplementary 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 financial statements. The

Combining Statement of Fiduciary Net Position – Agency Funds is presented for purposes of additional analysis and is not a required part of the financial statements. The Combining Statement of Fiduciary Net Position – Agency Funds is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Combining Statement of Fiduciary Net Position – Agency Funds is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 5, 2015, 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 included under the heading Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. 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 5, 2015

FINANCIAL STATEMENTS

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

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2014

	General <u>Fund</u>	Public Records Modernization <u>Trust Fund</u>	Fine & Forfeiture <u>Fund</u>	Total Governmental <u>Funds</u>
Assets				
Cash	\$ 99,539	\$ 84,698	\$ -	\$ 184,237
Accounts receivable	11	-	-	11
Due from other funds	10,767	13,043	-	23,810
Due from other governmental units				
State of Florida	32,040	-	69,428	101,468
Prepaid item	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 142,357</u>	<u>\$ 97,741</u>	<u>\$ 69,428</u>	<u>\$ 309,526</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 422	\$ -	\$ 30	\$ 452
Due to other funds	-	-	23,810	23,810
Due to other governmental units				
Due to HCBCC - General Fund	141,405	-	-	141,405
Due to State of Florida	-	-	45,588	45,588
Other current liabilities	<u>530</u>	<u>-</u>	<u>-</u>	<u>530</u>
Total liabilities	<u>142,357</u>	<u>-</u>	<u>69,428</u>	<u>211,785</u>
Fund balances				
Restricted - public records modernization	<u>-</u>	<u>97,741</u>	<u>-</u>	<u>97,741</u>
Total liabilities and fund balances	<u>\$ 142,357</u>	<u>\$ 97,741</u>	<u>\$ 69,428</u>	<u>\$ 309,526</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, 2014

	General Fund	Public Records Modernization Trust Fund	Fine & Forfeiture Fund	Total Governmental Funds
Revenues				
Intergovernmental revenue				
Federal grant	\$ 162,431	\$ -	\$ -	\$ 162,431
State shared (JAC)	-	-	80,417	80,417
Charges for services				
General government	30,956	13,078	-	44,034
Court related	-	-	215,506	215,506
Fines and forfeits				
Fines	-	42,620	150,207	192,827
Miscellaneous				
Interest	1,195	-	123	1,318
Other miscellaneous	19,320	-	-	19,320
Total revenues	<u>213,902</u>	<u>55,698</u>	<u>446,253</u>	<u>715,853</u>
Expenditures				
Current				
General government				
Financial and administrative				
Personal services	357,105	-	-	357,105
Operating expenditures	29,819	-	-	29,819
Other general governmental services				
Personal services	60,401	-	-	60,401
Operating expenditures	19,868	31,334	-	51,202
Court related expenditures				
General administration				
Clerk of Court administration				
Personal services	-	-	118,456	118,456
Operating expenditures	-	-	8,777	8,777
Jury management				
Personal services	-	-	1,854	1,854
Operating expenditures	-	-	5,602	5,602
Circuit Court - Criminal				
Clerk of Court				
Personal services	-	-	54,316	54,316
Operating expenditures	-	-	2,550	2,550
Circuit Court - Civil				
Clerk of Court				
Personal services	-	-	36,893	36,893
Operating expenditures	-	-	3,057	3,057
Circuit Court - Family				
Clerk of Court				
Operating expenditures	-	-	3	3
Circuit Court - Juvenile				
Clerk of Court				
Personal services	-	-	15,943	15,943
Operating expenditures	-	-	789	789

(Continued)
See notes to financial statements.

**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, 2014

	<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	\$ -	\$ -	\$ 6,897	\$ 6,897
Operating expenditures	-	-	359	359
County Court - Criminal				
Clerk of Court				
Personal services	-	-	62,674	62,674
Operating expenditures	-	-	2,798	2,798
County Court - Civil				
Clerk of Court				
Personal services	-	-	27,028	27,028
Operating expenditures	-	-	1,297	1,297
County Court - Traffic				
Clerk of Court				
Personal services	-	-	91,232	91,232
Operating expenditures	-	-	4,132	4,132
Capital outlay				
General government				
Financial and administrative	5,463	-	-	5,463
Other general governmental services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>472,656</u>	<u>31,334</u>	<u>444,657</u>	<u>948,647</u>
Excess (deficiency) of revenues over expenditures	<u>(258,754)</u>	<u>24,364</u>	<u>1,596</u>	<u>(232,794)</u>
Other financing sources in (out)				
Interfund transfer HCBCC	257,158	-	-	257,158
Interfund transfer Clerk's F&F	1,596	-	-	1,596
Interfund transfer Clerk's General Fund	<u>-</u>	<u>-</u>	<u>(1,596)</u>	<u>(1,596)</u>
Net other financing sources in (out)	<u>258,754</u>	<u>-</u>	<u>(1,596)</u>	<u>257,158</u>
Net change in fund balances	-	24,364	-	24,364
Fund balances at beginning of year	<u>-</u>	<u>73,377</u>	<u>-</u>	<u>73,377</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 97,741</u>	<u>\$ -</u>	<u>\$ 97,741</u>

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

**STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS**

September 30, 2014

Assets		
Cash		<u>\$ 648,223</u>
Liabilities and net position		
Due to other governmental units		
HCBCC Fine & Forfeiture	\$ 14,753	
State of Florida	227,203	
Municipalities	3,799	
Hamilton County School Board	1,261	
Due to others		
Deposits	225,748	
Due to individuals/others	10,592	
Interest payable	127	
Cash bond liability	<u>164,740</u>	
Total liabilities		<u>648,223</u>
Net position		<u>\$ -</u>

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

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, \$14,753 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, 2014, the Clerk was owed the following amounts:

Fund	State of Florida	Description
General	\$ 32,040	Child Support Enforcement Grant
Fine & Forfeiture	<u>69,428</u>	Article V Funding
Total due from State of Florida	<u>\$ 101,468</u>	

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, 2014, this balance was \$69,428 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

Interfund balances are indicated below.

Interfund balances and Activity

Due to/from other funds

General	\$ 10,767	Reclassified revenues
Public Records Modernization Trust	13,043	See above.
Fine & Forfeiture	(23,810)	See above.

Transfers from the Hamilton County Board of County Commissioners at September 30, 2014, into the Clerk's General Fund are as follows:

Budgetary transfers from BCC

General Fund	<u>\$ 257,158</u>	Budgeted transfers
--------------	-------------------	--------------------

A transfer of \$1,596 was made from the Clerk's Fine & Forfeiture Fund into the Clerk's General Fund to correct the classification of miscellaneous revenues.

Transfer from/to

Clerk's General Fund	\$ 1,596	transfer misclassified revenues
Clerk's Fine & Forfeiture Fund	(1,596)	See above.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2014

	<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	\$ 150,000	\$ 150,000	\$ 162,431	\$ 12,431
Charges for services				
General government	35,000	35,000	30,956	(4,044)
Miscellaneous				
Interest	500	500	1,195	695
Other miscellaneous	<u>8,550</u>	<u>8,550</u>	<u>19,320</u>	<u>10,770</u>
Total revenues	<u>194,050</u>	<u>194,050</u>	<u>213,902</u>	<u>19,852</u>
Expenditures				
General government				
Financial and administrative				
Personal services	354,845	354,845	357,105	(2,260)
Operating expenditures	34,000	34,000	29,819	4,181
Capital outlay	<u>6,400</u>	<u>6,400</u>	<u>5,463</u>	<u>937</u>
Total financial and administrative	<u>395,245</u>	<u>395,245</u>	<u>392,387</u>	<u>2,858</u>
Other general government services				
Personal services	60,231	60,231	60,401	(170)
Operating expenditures	37,137	37,137	19,868	17,269
Capital outlay	-	-	-	-
Other uses	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total financial and administrative	<u>197,368</u>	<u>197,368</u>	<u>80,269</u>	<u>117,099</u>
Total expenditures	<u>592,613</u>	<u>592,613</u>	<u>472,656</u>	<u>119,957</u>
Excess (deficiency) of revenues over expenditures	<u>(398,563)</u>	<u>(398,563)</u>	<u>(258,754)</u>	<u>139,809</u>
Other financing sources (uses)				
Interfund transfer in - HCBCC	398,563	398,563	257,158	(141,405)
Interfund transfer in - Clerk's F&F	-	-	1,596	1,596
Interfund transfer out - HCBCC	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>398,563</u>	<u>398,563</u>	<u>258,754</u>	<u>(139,809)</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, 2014

	<u>Budgeted Amounts</u>			<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>			
Budgetary fund balance, beginning	\$ -	\$ -	\$ -	\$ -	-
Resources (inflows)					
Charges for services					
General government	12,000	12,000	13,078	1,078	
Judgments, fines, and forfeits					
Fines	40,000	40,000	42,620	2,620	
Miscellaneous revenues					
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total amounts available for appropriation	<u>\$ 52,000</u>	<u>\$ 52,000</u>	<u>\$ 55,698</u>	<u>\$ 3,698</u>	
Charges to appropriations (outflows)					
General government					
Operating expenditures	\$ 35,000	\$ 35,000	\$ 31,334	\$ 3,666	
Capital outlay	-	-	-	-	
Other uses	<u>17,000</u>	<u>17,000</u>	<u>-</u>	<u>17,000</u>	
Total general government	<u>52,000</u>	<u>52,000</u>	<u>31,334</u>	<u>20,666</u>	
Budgeted/ending reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total appropriations and reserves	<u>\$ 52,000</u>	<u>\$ 52,000</u>	<u>\$ 31,334</u>	<u>\$ 20,666</u>	

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

BUDGETARY COMPARISON SCHEDULE - FINE AND FORFEITURE FUND

For the Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Intergovernmental revenue				
General government	\$ 57,736	\$ 57,736	\$ 80,417	\$ 22,681
Charges for services				
Court related	239,000	239,000	215,506	(23,494)
Judgments, fines, and forfeits				
Fines	128,000	128,000	150,207	22,207
Miscellaneous				
Interest	<u>1,000</u>	<u>1,000</u>	<u>123</u>	<u>(877)</u>
Total revenues	<u>425,736</u>	<u>425,736</u>	<u>446,253</u>	<u>20,517</u>
Expenditures				
Court related expenditures				
General administration				
Clerk of Court administration				
Personal services	104,822	104,822	118,456	(13,634)
Operating expenditures	7,100	7,100	8,777	(1,677)
Jury management				
Personal services	1,733	1,733	1,854	(121)
Operating expenditures	5,700	5,700	5,602	98
Circuit Court - Criminal				
Clerk of Court				
Personal services	54,167	54,167	54,316	(149)
Operating expenditures	3,000	3,000	2,550	450
Circuit Court - Civil				
Clerk of Court				
Personal services	47,077	47,077	36,893	10,184
Operating expenditures	3,000	3,000	3,057	(57)
Circuit Court - Family				
Clerk of Court				
Operating expenditures	-	-	3	(3)
Circuit Court - Juvenile				
Clerk of Court				
Personal services	14,170	14,170	15,943	(1,773)
Operating expenditures	1,000	1,000	789	211
Circuit Court - Probate				
Clerk of Court				
Personal services	5,572	5,572	6,897	(1,325)
Operating expenditures	500	500	359	141
County Court - Criminal				
Clerk of Court				
Personal services	59,069	59,069	62,674	(3,605)
Operating expenditures	3,000	3,000	2,798	202

(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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures - Court related (continued)				
County Court - Civil				
Clerk of Court				
Personal services	\$ 25,724	\$ 25,724	\$ 27,028	\$ (1,304)
Operating expenditures	1,000	1,000	1,297	(297)
County Court - Traffic				
Clerk of Court				
Personal services	86,302	86,302	91,232	(4,930)
Operating expenditures	2,800	2,800	4,132	(1,332)
Total expenditures	425,736	425,736	444,657	(18,921)
Excess (deficiency) of revenues over expenditures	-	-	1,596	1,596
Other financing sources (uses)				
Interfund transfer out - Clerk	-	-	(1,596)	(1,596)
Net change in fund balance	-	-	-	-
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ -	\$ -

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

NOTES TO BUDGETARY COMPARISON SCHEDULES

September 30, 2014

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 Fine & Forfeiture Fund (court-related), the fund level is the legal level of budgetary control.

The Clerk of the Circuit Court made no supplemental budgetary appropriations during the year ended September 30, 2014.

NOTE 2. BUDGET OVEREXPENDITURE

The Clerk’s General Fund over expended its Finance and Administrative personal services and Other General Government personal services in the amounts of \$2,260 and \$170 respectively.

The Clerk over expended its Fine and Forfeiture Fund’s total budget by \$18,921.

SUPPLEMENTARY INFORMATION

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

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

September 30, 2014

	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>\$ 46,801</u>	<u>\$ 164,740</u>	<u>\$ 436,682</u>	<u>\$ -</u>	<u>\$ 648,223</u>
Liabilities and net position					
Due to other governmental units					
HCBCC	\$ -	\$ -	\$ 14,753	\$ -	\$ 14,753
State of Florida	-	-	227,203	-	227,203
Municipalities	-	-	3,799	-	3,799
Hamilton County School Board	-	-	1,261	-	1,261
Due to others					
Deposits	46,674	-	179,074	-	225,748
Due to individuals/others	-	-	10,592	-	10,592
Interest payable	127	-	-	-	127
Cash bond liability	<u>-</u>	<u>164,740</u>	<u>-</u>	<u>-</u>	<u>164,740</u>
Total liabilities	<u>46,801</u>	<u>164,740</u>	<u>436,682</u>	<u>-</u>	<u>648,223</u>
Net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COMPLIANCE SECTION

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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**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 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 financial statements of the Hamilton County Clerk of the Circuit Court, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Hamilton County Clerk of the Circuit Court's financial statements, and have issued my report thereon dated June 5, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit of the 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 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, I 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 5, 2015

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INDEPENDENT ACCOUNTANT'S REPORT

Honorable Clerk of the Circuit Court
Hamilton County, Florida

I have examined the Hamilton County Clerk of the Circuit Court's compliance with *Florida Statutes* 218.415 during the period ended September 30, 2014. Management is responsible for the Hamilton County Clerk of the Circuit Court's compliance with those requirements. My responsibility is to express an opinion on the Hamilton County Clerk of the Circuit Court's compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Hamilton County Clerk of the Circuit Court's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my examination provides a reasonable basis for my opinion. My examination does not provide a legal determination on the Hamilton County Clerk of the Circuit Court's compliance with the requirements.

In my opinion, the Hamilton County Clerk of the Circuit Court complied in all material respects, with the aforementioned requirements for the year ended September 30, 2014.



Kenneth M. Daniels
Certified Public Accountant
June 5, 2015

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INDEPENDENT ACCOUNTANT'S REPORT

Honorable Clerk of the Circuit Court
Hamilton County, Florida

I have examined the Hamilton County Clerk of the Circuit Court's compliance with *Florida Statutes* 28.35 and 28.36 during the period ended September 30, 2014. Management is responsible for the Hamilton County Clerk of the Circuit Court's compliance with those requirements. My responsibility is to express an opinion on the Hamilton County Clerk of the Circuit Court's compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Hamilton County Clerk of the Circuit Court's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my examination provides a reasonable basis for my opinion. My examination does not provide a legal determination on the Hamilton County Clerk of the Circuit Court's compliance with the requirements.

In my opinion, the Hamilton County Clerk of the Circuit Court complied in all material respects, with the aforementioned requirements for the year ended September 30, 2014.



Kenneth M. Daniels
Certified Public Accountant
June 5, 2015

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MANAGEMENT LETTER

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

Report on the Financial Statements

I have audited the financial statements of the Hamilton County Clerk of the Circuit Court, as of and for the fiscal year ended September 30, 2014, and have issued my report thereon dated June 5, 2015.

Auditor's Responsibility

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*.

Other Reports

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550 *Rules of the Auditor General*. Disclosures in those reports, which are dated June 5, 2015, should be considered in conjunction with this management letter.

Prior year findings

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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *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. The Hamilton County Clerk of the Circuit Court's financial statements included no component units.

Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that I address in the management letter any recommendations to improve financial management. In connection with my audit, I did not have any such recommendations.

Section 10.554(1)(i)3., *Rules of the 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.

Purpose of this Letter

Our 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, Federal and other granting agencies, the Council Members, and applicable 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 5, 2015

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INDEPENDENT AUDITOR'S REPORT

Honorable Property Appraiser
Hamilton County, Florida

Report on the Financial Statements

I have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Hamilton County Property Appraiser, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Hamilton County Property Appraiser's 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 the 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 opinion.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the major fund and the aggregate remaining fund information for the Hamilton County Property Appraiser, as of September 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the major fund and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Hamilton County, Florida, that is attributable to the Hamilton County Property Appraiser. They do not purport to, and do not, present fairly the financial position of Hamilton County, Florida, as of September 30, 2014, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. My opinion is not modified with respect to these matters.

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 financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge I obtained during my audit of the 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 5, 2015, 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 included under the heading Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. 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.



Kenneth M. Daniels
Certified Public Accountant
June 5, 2015

FINANCIAL STATEMENTS

**HAMILTON COUNTY, FLORIDA
PROPERTY APPRAISER**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2014

	<u>General Fund</u>
Assets	
Cash	<u>\$ 44,536</u>
Liabilities and fund balance	
Liabilities	
Due to other governmental units	
Hamilton County Board of County Commissioners	44,536
Fund balance - unassigned	<u>-</u>
Total liabilities and fund balance	<u>\$ 44,536</u>

**HAMILTON COUNTY, FLORIDA
PROPERTY APPRAISER**

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

For the Year Ended September 30, 2014

	<u>General Fund</u>
Expenditures	
General Government Services	
Personal services	
Executive salaries	\$ 97,176
Regular salaries	224,149
FICA taxes	23,477
Retirement - official	12,341
Retirement employees	11,423
Retirement DROP	7,904
Life and health insurance	<u>57,418</u>
Total personal services	<u>433,888</u>
Operating expenditures	
Professional services - appraisals	44,486
Professional services - legal	4,343
Professional services - appraisals	9,000
Travel	6,165
Communications	4,177
Postage	3,902
Freight	500
Rentals and leases	2,173
Repair and maintenance	39,997
Repair and maintenance - vehicle	2,694
Repair and maintenance - office equipment	4,249
Other current charges	3,876
Office supplies	15,358

(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, 2014

	<u>General Fund</u>
(Operating expenditures continued)	
Data processing	\$ 6,776
Operating supplies	322
Books and memberships	2,579
Association dues	<u>5,083</u>
Total operating expenditures	<u>155,680</u>
Capital outlay	
Equipment	<u>3,300</u>
Total expenditures	<u>592,868</u>
Excess (deficiency) of revenues over expenditures	<u>(592,868)</u>
Other financing sources (uses)	
Interfund transfers - HCBCC	<u>592,868</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 FUNDS**

September 30, 2014

Assets	
Cash	<u>\$ 13,143</u>
Liabilities and net position	
Due to other governments	
Due to HCBCC	<u>13,143</u>
Net position	<u>\$ -</u>

**HAMILTON COUNTY, FLORIDA
PROPERTY APPRAISER**

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

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, \$13,143, 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, 2014, were as follows:

<u>\$592,868</u>	Budgetary transfers
------------------	---------------------

**REQUIRED SUPPLEMENTARY
INFORMATION**

**HAMILTON COUNTY, FLORIDA
PROPERTY APPRAISER**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2014

	<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	459,122	459,122	433,888	25,234
Operating expenditures	161,592	161,592	155,680	5,912
Capital Outlay	3,300	3,300	3,300	-
Other uses	<u>12,796</u>	<u>12,796</u>	-	<u>12,796</u>
Total expenditures	<u>636,810</u>	<u>636,810</u>	<u>592,868</u>	<u>43,942</u>
Excess (deficiency) of revenues over expenditures	<u>(636,810)</u>	<u>(636,810)</u>	<u>(592,868)</u>	<u>43,942</u>
Other financing sources (uses)				
Transfers from HCBCC General Fund	<u>636,810</u>	<u>636,810</u>	<u>592,868</u>	<u>(43,942)</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, 2014

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 no supplemental budgetary amendments during the year ended September 30, 2014.

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.
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**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 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 financial statements of the Hamilton County Property Appraiser, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Hamilton County Property Appraiser's financial statements, and have issued my report thereon dated June 5, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit of the 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hamilton County Property Appraiser's internal control. Accordingly, I 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 5, 2015

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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kmdcpa@windstream.net

INDEPENDENT ACCOUNTANT'S REPORT

Honorable Property Appraiser
Hamilton County, Florida

I have examined the Hamilton County Property Appraiser's compliance with *Florida Statutes* 218.415 during the period ended September 30, 2014. Management is responsible for the Hamilton County Property Appraiser's compliance with those requirements. My responsibility is to express an opinion on the Hamilton County Property Appraiser's compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Hamilton County Property Appraiser's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my examination provides a reasonable basis for my opinion. My examination does not provide a legal determination on the Hamilton County Property Appraiser's compliance with the requirements.

In my opinion, the Hamilton County Property Appraiser complied in all material respects, with the aforementioned requirements for the year ended September 30, 2014.



Kenneth M. Daniels
Certified Public Accountant
June 5, 2015

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

Phone 386-792-1906
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kmdcpa@windstream.net

MANAGEMENT LETTER

The Honorable Property Appraiser
Hamilton County, Florida

Report on the Financial Statements

I have audited the financial statements of the Hamilton County Property Appraiser, as of and for the fiscal year ended September 30, 2014, and have issued my report thereon dated June 5, 2015.

Auditor's Responsibility

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*.

Other Reports

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550 *Rules of the Auditor General*. Disclosures in those reports, which are dated June 5, 2015, should be considered in conjunction with this management letter.

Prior year findings

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. There were no findings and recommendations made in the preceding or current annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *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. The Hamilton County Property Appraiser's financial statements included no component units.

Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that I address in the management letter any recommendations to improve financial management. In connection with my audit, I did not have any such recommendations.

Section 10.554(1)(i)3., *Rules of the 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.

Purpose of this Letter

Our 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, Federal and other granting agencies, the Council Members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Kenneth M. Daniels
Certified Public Account
June 5, 2015

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

Phone 386-792-1906
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INDEPENDENT AUDITOR'S REPORT

Honorable Sheriff
Hamilton County, Florida

Report on the Financial Statements

I have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Hamilton County Sheriff, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Hamilton County Sheriff's 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 the 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 opinion.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information for the Hamilton County Sheriff, as of September 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of each major fund and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Hamilton County, Florida, that is attributable to the Hamilton County Sheriff. They do not purport to, and do not, present fairly the financial position of Hamilton County, Florida, as of September 30, 2014, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. My opinion is not modified with respect to these matters.

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 12-17 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge I obtained during my audit of the 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.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hamilton County Sheriff's financial statements. The Combining Statement of Fiduciary Net Position – Agency Funds is presented for purposes of additional

analysis and is not a required part of the financial statements. The Combining Statement of Fiduciary Net Position – Agency Funds is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Combining Statement of Fiduciary Net Position – Agency Funds is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 5, 2015, 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 included under the heading Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. 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 5, 2015

FINANCIAL STATEMENTS

**HAMILTON COUNTY, FLORIDA
SHERIFF**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2014

	<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	\$ 200,671	\$ 84,520	\$ 400,482	\$ -	\$ 685,673
Accounts receivable	-	3,645	-	-	3,645
Interfund receivables					
Emergency Management Fund	42,578	-	-	-	42,578
Due from other governmental units					
HCBCC	9,338	-	-	-	9,338
State of Florida	-	-	-	43,406	43,406
Prepaid items	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,000</u>
Total assets	<u><u>\$ 332,587</u></u>	<u><u>\$ 88,165</u></u>	<u><u>\$ 400,482</u></u>	<u><u>\$ 43,406</u></u>	<u><u>\$ 864,640</u></u>
Liabilities and Fund Balances					
Liabilities					
Current liabilities					
Accounts payable	\$ 149,756	\$ -	\$ -	\$ 1	\$ 149,757
Interfund payables					
General Fund	-	-	-	42,578	42,578
Due to other governmental units					
HCBCC - General Fund	182,831	-	-	827	183,658
Other current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u><u>332,587</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>43,406</u></u>	<u><u>375,993</u></u>
Fund balances					
Restricted for:					
Other purposes	<u>-</u>	<u>88,165</u>	<u>400,482</u>	<u>-</u>	<u>488,647</u>
Total liabilities and fund balances	<u><u>\$ 332,587</u></u>	<u><u>\$ 88,165</u></u>	<u><u>\$ 400,482</u></u>	<u><u>\$ 43,406</u></u>	<u><u>\$ 864,640</u></u>

**HAMILTON COUNTY, FLORIDA
SHERIFF**

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

For the Year Ended September 30, 2014

	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	\$ -	\$ -	\$ 37,781	\$ 184,710	\$ 222,491
Charges for services	-	27,602	108,888	-	136,490
Fines and forfeits	-	11	-	-	11
Interest	-	185	545	-	730
Miscellaneous revenues	<u>97,638</u>	<u>43</u>	<u>-</u>	<u>-</u>	<u>97,681</u>
Total revenues	<u>97,638</u>	<u>27,841</u>	<u>147,214</u>	<u>184,710</u>	<u>457,403</u>
Expenditures					
Current					
Public safety					
Law enforcement					
Personal services	1,705,933	-	-	-	1,705,933
Operating expenditures	471,502	-	-	-	471,502
Corrections					
Personal services	1,712,893	-	-	-	1,712,893
Operating expenditures	393,552	61,819	-	-	455,371
Emergency services					
Emergency management					
Personal services	-	-	-	114,653	114,653
Operating expenditures	-	-	-	97,257	97,257
911 Mapping					
Operating expenditures	-	-	-	5,673	5,673
Emergency communications					
Personal services	507,753	-	-	-	507,753
Operating expenditures	14,324	-	122,610	-	136,934
Courts - General Operations					
Courthouse security					
Personal services	21,685	-	-	-	21,685
Operating expenditures	1,539	-	-	-	1,539
Capital outlay					
Public safety					
Law enforcement					
Capital outlay	189,380	-	-	-	189,380
Corrections					
Capital outlay	24,800	32,897	-	-	57,697

(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, 2014

	<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>42,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,000</u>
Total expenditures	<u>5,085,361</u>	<u>94,716</u>	<u>122,610</u>	<u>217,583</u>	<u>5,520,270</u>
Excess (deficiency) of revenues over expenditures	(4,987,723)	(66,875)	24,604	(32,873)	(5,062,867)
Other financing sources (uses)					
Transfers - Sheriff Operating	-	-	-	-	-
Transfers in HCBCC	<u>4,987,723</u>	<u>-</u>	<u>-</u>	<u>32,873</u>	<u>5,020,596</u>
Total other financing sources (uses)	<u>4,987,723</u>	<u>-</u>	<u>-</u>	<u>32,873</u>	<u>5,020,596</u>
Net change in fund balances	-	(66,875)	24,604	-	(42,271)
Fund balances at beginning of year	<u>-</u>	<u>155,040</u>	<u>375,878</u>	<u>-</u>	<u>530,918</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 88,165</u>	<u>\$ 400,482</u>	<u>\$ -</u>	<u>\$ 488,647</u>

**HAMILTON COUNTY, FLORIDA
SHERIFF**

**STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS**

September 30, 2014

	<u>Agency Funds</u>
Assets	
Cash	<u>\$ 3,835</u>
Liabilities	
Other current liabilities	
Due to others	<u> 3,835</u>
Net position	<u><u>\$ -</u></u>

**HAMILTON COUNTY, FLORIDA
SHERIFF**

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

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, 2014, the Sheriff was owed the following amounts:

	General Fund	Inmate Welfare Fund	Emergency Management Fund	Totals
Accounts receivable - miscellaneous	\$ -	\$ 3,645	\$ -	\$ 3,645
HCBC - fuel tax refunds and grant reimbursements	9,338	-	-	9,338
State of Florida - grant payments	-	-	43,406	43,406
Totals	<u>\$ 9,338</u>	<u>\$ 3,645</u>	<u>\$ 43,406</u>	<u>\$ 56,389</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	\$ 42,578	\$ -	Interfund loan to fund grant expenditures
Emergency Management Fund	<u>-</u>	<u>42,578</u>	Interfund loan to fund grant expenditures
Totals	<u>\$ 42,578</u>	<u>\$ 42,578</u>	

During the year ended September 30, 2014, the Hamilton County Board of County Commissioners made budgetary transfers (which include budgeted transfers of grant reimbursements) of \$4,987,723 to the Sheriff's General Fund and \$32,873 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. In April 2014, 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 automatically renewed for two year periods beginning in May 2014 (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 agrees 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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Miscellaneous revenues	-	<u>98,138</u>	<u>97,638</u>	<u>(500)</u>
Total revenues	<u>-</u>	<u>98,138</u>	<u>97,638</u>	<u>(500)</u>
Expenditures				
Public safety				
Law enforcement				
Personal services	1,640,703	1,705,938	1,705,933	5
Operating expenditures	533,535	552,925	471,502	81,423
Capital outlay	130,000	220,000	189,380	30,620
Grants and aids	-	-	-	-
Other uses	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total law enforcement	<u>2,314,238</u>	<u>2,478,863</u>	<u>2,366,815</u>	<u>112,048</u>
Corrections				
Personal services	1,799,503	1,720,001	1,712,893	7,108
Operating expenditures	371,057	399,999	393,552	6,447
Capital outlay	20,000	60,000	24,800	35,200
Other uses	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total corrections	<u>2,200,560</u>	<u>2,180,000</u>	<u>2,131,245</u>	<u>48,755</u>
Emergency communications				
Personal services	501,588	508,000	507,753	247
Operating expenditures	14,800	15,000	14,324	676
Capital outlay	<u>2,500</u>	<u>50,000</u>	<u>42,000</u>	<u>8,000</u>
Total emergency communications	<u>518,888</u>	<u>573,000</u>	<u>564,077</u>	<u>8,923</u>
Total public safety	<u>5,033,686</u>	<u>5,231,863</u>	<u>5,062,137</u>	<u>169,726</u>
Courts - General Operations				
Courthouse security				
Personal services	29,499	22,000	21,685	315
Operating expenditures	1,750	1,600	1,539	61
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total courthouse security	<u>31,249</u>	<u>23,600</u>	<u>23,224</u>	<u>376</u>
Total expenditures	<u>5,064,935</u>	<u>5,255,463</u>	<u>5,085,361</u>	<u>170,102</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, 2014

	<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	\$ (5,064,935)	\$ (5,157,325)	\$ (4,987,723)	\$ 169,602
Other financing sources (uses)				
Interfund transfers - Emerg Mgt.	-	-	-	-
Interfund transfers - HCBCC	<u>5,064,935</u>	<u>5,157,325</u>	<u>4,987,723</u>	<u>(169,602)</u>
Total other financing sources	<u>5,064,935</u>	<u>5,157,325</u>	<u>4,987,723</u>	<u>(169,602)</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive <u>(Negative)</u>
Budgetary fund balance, beginning	\$ 90,000	\$ 113,659	\$ 155,040	\$ 41,381
Revenues (inflows)				
Charges for services	47,500	27,602	27,602	-
Fines and forfeits	-	11	11	-
Interest	3,500	185	185	-
Miscellaneous revenues	<u>500</u>	<u>43</u>	<u>43</u>	<u>-</u>
Total amounts available for appropriation	<u>141,500</u>	<u>141,500</u>	<u>182,881</u>	<u>41,381</u>
Charges to appropriation (outflows)				
Corrections				
Operating expenditures	46,500	61,820	61,819	1
Capital outlay	40,000	32,898	32,897	1
Grants and aids	3,000	-	-	-
Other uses	<u>21,000</u>	<u>46,782</u>	<u>-</u>	<u>46,782</u>
Total charges to appropriations	<u>110,500</u>	<u>141,500</u>	<u>94,716</u>	<u>46,784</u>
Budgeted reserves	<u>31,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total appropriations and reserves	<u>141,500</u>	<u>141,500</u>	<u>94,716</u>	<u>(46,784)</u>
Budgetary fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,165</u>	<u>\$ 88,165</u>

**HAMILTON COUNTY, FLORIDA
SHERIFF**

BUDGETARY COMPARISON SCHEDULE - 911 COMMUNICATIONS

For the Year Ended September 30, 2014

	<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	\$ 46,295	\$ 375,878	\$ 329,583
Resources (inflows)				
Intergovernmental	44,250	98,568	37,781	(60,787)
Charges for services	46,760	48,102	108,888	60,786
Interest	<u>2,500</u>	<u>545</u>	<u>545</u>	<u>-</u>
Total amounts available for appropriation	<u>193,510</u>	<u>193,510</u>	<u>523,092</u>	<u>329,582</u>
Charges to appropriations (outflows)				
Emergency communications				
Operating expenditures	65,500	122,610	122,610	-
Capital outlay	28,000	20,000	-	20,000
Other uses	<u>-</u>	<u>50,900</u>	<u>-</u>	<u>50,900</u>
Total charges to appropriations	<u>93,500</u>	<u>193,510</u>	<u>122,610</u>	<u>70,900</u>
Budgeted reserves	<u>100,010</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total appropriations and reserves	<u>193,510</u>	<u>193,510</u>	<u>122,610</u>	<u>70,900</u>
Budgetary fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400,482</u>	<u>\$ 400,482</u>

**HAMILTON COUNTY, FLORIDA
SHERIFF**

BUDGETARY COMPARISON SCHEDULE - EMERGENCY MANAGEMENT FUND

For the Year Ended September 30, 2014

	<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	\$ 184,710	\$ 184,710	\$ -
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total amounts available for appropriation	<u>148,486</u>	<u>184,710</u>	<u>184,710</u>	<u>-</u>
Expenditures				
Emergency services				
Emergency management				
Personal services	117,445	114,653	114,653	-
Operating expenditures	47,275	98,083	97,257	826
Capital outlay	<u>10,966</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total emergency management	<u>175,686</u>	<u>212,736</u>	<u>211,910</u>	<u>826</u>
911 Mapping				
Operating expenditures	4,000	5,674	5,673	1
Capital outlay	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total 911 mapping	<u>6,500</u>	<u>5,674</u>	<u>5,673</u>	<u>1</u>
Total expenditures	<u>182,186</u>	<u>218,410</u>	<u>217,583</u>	<u>827</u>
	-			
Excess (deficiency) of revenues over expenditures	<u>(33,700)</u>	<u>(33,700)</u>	<u>(32,873)</u>	<u>827</u>
Other financing sources				
Interfund transfer in - HCBCC	33,700	33,700	32,873	(827)
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>33,700</u>	<u>32,873</u>	<u>(827)</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, 2014

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 Fund	911 Communications Fund
Sources/inflows of resources		
Financial statement major funds		
Total amounts available for appropriation	\$ 182,881	\$ 523,092
Adjustments		
Budgetary fund balances are available for appropriation but are not considered revenue for GAAP reporting	<u>(155,040)</u>	<u>(375,878)</u>
Total revenues reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 27,841</u>	<u>\$ 147,214</u>

**SUPPLEMENTARY
INFORMATION**

**HAMILTON COUNTY, FLORIDA
SHERIFF**

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

September 30, 2014

	<u>Agency Funds</u>		
	<u>Bond</u> <u>Trust</u>	<u>Inmate</u> <u>Trust</u>	<u>Totals</u>
Assets			
Cash	<u>\$ 29</u>	<u>\$ 3,806</u>	<u>\$ 3,835</u>
Liabilities			
Other current liabilities			
Due to individuals/others	<u> 29</u>	<u> 3,806</u>	<u> 3,835</u>
Total liabilities	<u> 29</u>	<u> 3,806</u>	<u> 3,835</u>
Net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COMPLIANCE SECTION

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
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**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 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 financial statements of the Hamilton County Sheriff, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Hamilton County Sheriff's financial statements, and have issued my report thereon dated June 5, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit of the 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hamilton County Sheriff's internal control. Accordingly, I 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 5, 2015

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT ACCOUNTANT'S REPORT

Honorable Sheriff
Hamilton County, Florida

I have examined the Hamilton County Sheriff's compliance with *Florida Statutes* 218.415 during the period ended September 30, 2014. Management is responsible for the Hamilton County Sheriff's compliance with those requirements. My responsibility is to express an opinion on the Hamilton County Sheriff's compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Hamilton County Sheriff's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my examination provides a reasonable basis for my opinion. My examination does not provide a legal determination on the Hamilton County Sheriff's compliance with the requirements.

In my opinion, the Hamilton County Sheriff complied in all material respects, with the aforementioned requirements for the year ended September 30, 2014.



Kenneth M. Daniels
Certified Public Accountant
June 5, 2015

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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MANAGEMENT LETTER

To the Honorable Sheriff
Hamilton County, Florida

Report on the Financial Statements

I have audited the financial statements of the Hamilton County Sheriff, as of and for the fiscal year ended September 30, 2014, and have issued my report thereon dated June 5, 2015.

Auditor's Responsibility

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*.

Other Reports

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550 *Rules of the Auditor General*. Disclosures in those reports, which are dated June 5, 2015, should be considered in conjunction with this management letter.

Prior year findings

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. There were no findings and recommendations made in the preceding or current annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *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. The Hamilton County Sheriff's financial statements included no component units.

Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that I address in the management letter any recommendations to improve financial management. In connection with my audit, I did not have any such recommendations.

Section 10.554(1)(i)3., *Rules of the 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.

Purpose of this Letter

Our 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, Federal and other granting agencies, the Council Members, and applicable 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 5, 2015

KENNETH M. DANIELS
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INDEPENDENT AUDITOR'S REPORT

Honorable Supervisor of Elections
Hamilton County, Florida

Report on the Financial Statements

I have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Hamilton County Supervisor of Elections, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Hamilton County Supervisor of Elections' 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 the 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 opinion.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the major fund and the aggregate remaining fund information for the Hamilton County Supervisor of Elections, as of September 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the major fund and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Hamilton County, Florida, that is attributable to the Hamilton County Supervisor of Elections. They do not purport to, and do not, present fairly the financial position of Hamilton County, Florida, as of September 30, 2014, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. My opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information in Section VI pages 10-11 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge I obtained during my audit of the 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 5, 2015, 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 included under the heading Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. 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.



Kenneth M. Daniels
Certified Public Accountant
June 5, 2015

FINANCIAL STATEMENTS

**HAMILTON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2014

	<u>General Fund</u>
Assets	
Cash	<u>\$ 16,319</u>
Liabilities, deferred inflows of resources, and fund balance	
Liabilities	
Due to other governmental units	
Hamilton County Board of County Commissioners (HCBCC)	\$ 11,937
Deferred inflows of resources	
Deferred voter grant	4,382
Fund balance - unassigned	<u>-</u>
Total liabilities, deferred inflows, and fund balance	<u>\$ 16,319</u>

**HAMILTON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

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

For the Year Ended September 30, 2014

	<u>General Fund</u>
Revenues	
Federal grants	
General government - voter education	\$ <u>1,362</u>
Expenditures	
General Government Services	
Personal services	
Executive salaries	77,865
Regular salaries	34,197
Other salaries and wages - poll workers	7,155
Overtime	440
FICA taxes	8,565
Retirement	12,221
Life and health insurance	<u>19,139</u>
Total personal services	<u>159,582</u>
Operating expenditures	
Travel	2,377
Communications	5,469
Other current charges - elections	5,665
Other current charges - voter education	1,362
Other current charges	578
Other current charges	10,458
Other current charges	8,816
Other current charges	828
Office supplies	3,362
Association dues	<u>1,559</u>
Total operating expenditures	<u>40,474</u>
Capital outlay	
Machinery and equipment	<u>-</u>
Total expenditures	<u>200,056</u>
Excess (deficiency) of revenues over expenditures	(198,694)
Other financing sources (uses)	
Interfund transfers HCBC	<u>198,694</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, 2014

Assets		
Cash		<u>\$ 273</u>
Liabilities		
Due to other governmental units		
Hamilton County Board of County Commissioners (HCBCC)		<u> 273</u>
Net position		<u><u>\$ -</u></u>

**HAMILTON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

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 Elections' 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, \$273 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.

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 INFLOWS OF RESOURCES

The Supervisor's balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period. The deferred inflow of resources is for revenue (voters' grant) that is not considered available at September 30, 2014, due to the prepayment of the amount prior to being earned.

The deferred inflow of resources amount at September 30, 2014, was \$4,382.

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 Elections' General Fund in the amount of \$198,694. 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, 2014

	Budgeted Amounts		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Federal grants				
General government - voter education	\$ -	\$ -	\$ 1,362	\$ 1,362
Expenditures				
General Government Services				
Personal services	167,476	167,476	159,582	7,894
Operating expenditures	42,150	42,150	40,474	1,676
Capital outlay	1,000	1,000	-	1,000
Other uses	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total expenditures	<u>212,126</u>	<u>212,126</u>	<u>200,056</u>	<u>12,070</u>
Excess (deficiency) of revenues over expenditures	<u>(212,126)</u>	<u>(212,126)</u>	<u>(198,694)</u>	<u>13,432</u>
Other financing sources (uses)				
Interfund transfers - HCBCC	<u>212,126</u>	<u>212,126</u>	<u>198,694</u>	<u>(13,432)</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, 2014

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 Elections' 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 no supplemental budgetary appropriations for the year ended September 30, 2014.

COMPLIANCE SECTION

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**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 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 financial statements of the Hamilton County Supervisor of Elections, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Hamilton County Supervisor of Elections' financial statements, and have issued my report thereon dated June 5, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit of the 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hamilton County Supervisor of Elections' internal control. Accordingly, I 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 5, 2015

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INDEPENDENT ACCOUNTANT'S REPORT

Honorable Supervisor of Elections
Hamilton County, Florida

I have examined the Hamilton County Supervisor of Elections' compliance with *Florida Statutes* 218.415 during the period ended September 30, 2014. Management is responsible for the Hamilton County Supervisor of Elections' compliance with those requirements. My responsibility is to express an opinion on the Hamilton County Supervisor of Elections' compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Hamilton County Supervisor of Elections' compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my examination provides a reasonable basis for my opinion. My examination does not provide a legal determination on the Hamilton County Supervisor of Elections' compliance with the requirements.

In my opinion, the Hamilton County Supervisor of Elections complied in all material respects, with the aforementioned requirements for the year ended September 30, 2014.



Kenneth M. Daniels
Certified Public Accountant
June 5, 2015

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MANAGEMENT LETTER

The Honorable Supervisor of Elections
Hamilton County, Florida

Report on the Financial Statements

I have audited the financial statements of the Hamilton County Supervisor of Elections, as of and for the fiscal year ended September 30, 2014, and have issued my report thereon dated June 5, 2015.

Auditor's Responsibility

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*.

Other Reports

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550 *Rules of the Auditor General*. Disclosures in those reports, which are dated June 5, 2015, should be considered in conjunction with this management letter.

Prior year findings

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. There were no findings and recommendations made in the preceding or current annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *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. The Hamilton County Supervisor of Elections' financial statements included no component units.

Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that I address in the management letter any recommendations to improve financial management. In connection with my audit, I did not have any such recommendations.

Section 10.554(1)(i)3., *Rules of the 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.

Purpose of this Letter

Our 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, Federal and other granting agencies, the Council Members, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Kenneth M. Daniels
Certified Public Account
June 5, 2015

KENNETH M. DANIELS
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INDEPENDENT AUDITOR'S REPORT

Honorable Tax Collector
Hamilton County, Florida

Report on the Financial Statements

I have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Hamilton County Tax Collector, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Hamilton County Tax Collector's 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 the 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 opinion.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the major fund and the aggregate remaining fund information for the Hamilton County Tax Collector, as of September 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to above were prepared solely for the purpose of complying with the Rules of the Auditor General of the State of Florida. In conformity with the Rules, the accompanying financial statements are intended to present the financial position and changes in financial position of the major fund and the aggregate remaining fund information, only for that portion of the major funds, and the aggregate remaining fund information, of Hamilton County, Florida, that is attributable to the Hamilton County Tax Collector. They do not purport to, and do not, present fairly the financial position of Hamilton County, Florida, as of September 30, 2014, and the changes in its financial position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America. My opinion is not modified with respect to these matters.

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 financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge I obtained during my audit of the 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 5, 2015, 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 included under the heading Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards. 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.



Kenneth M. Daniels
Certified Public Accountant
June 5, 2015

FINANCIAL STATEMENTS

**HAMILTON COUNTY, FLORIDA
TAX COLLECTOR**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2014

	<u>General Fund</u>
Assets	
Cash	\$ <u>31,252</u>
Liabilities and fund balance	
Liabilities	
Accounts payable	
Due to other governmental units	\$ 2,395
Hamilton County Board of County Commissioners (HCBCC)	<u>28,957</u>
Total liabilities	<u>31,352</u>
Fund balance - unassigned	<u>-</u>
Total liabilities and fund balance	<u>\$ 31,352</u>

**HAMILTON COUNTY, FLORIDA
TAX COLLECTOR**

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

For the Year Ended September 30, 2014

		<u>General Fund</u>
Revenues		
Charges for services		
Delinquent tax fees	\$	15,437
Motor vehicle fees		46,348
Sales tax fees		1,560
Fish and game fees		693
Driver's license fees		26,281
Miscellaneous fees		2,320
Tax commissions		320,317
Miscellaneous fees		90
Advertising fees		11,689
Miscellaneous revenues		
Interest		145
Total revenues		<u>424,880</u>
Expenditures		
General government services		
Personal services		
Executive salaries		97,176
Regular salaries		139,519
FICA taxes		17,785
Retirement - official		34,578
Retirement employees		6,642
Retirement employees - SMS		8,628
Life and health insurance		38,326
Total personal services		<u>342,654</u>
Operating expenditures		
Professional services		7,636
Other contractual		16,933
Travel		3,064
Communications		3,580
Postage		1,211
Repair and maintenance		3,462
Printing and binding		3,512
Other current charges		765
Other current charges - advertising		15,858
Office supplies		1,946
Data processing		21,469
Operating supplies		-

(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, 2014

	<u>General Fund</u>
Expenditures (continued)	
Association dues	\$ 2,158
Education	<u>1,100</u>
Total operating expenditures	<u>82,694</u>
Capital outlay	
Equipment	<u>-</u>
Total expenditures	<u>425,348</u>
Excess (deficiency) of revenues over expenditures	(468)
Other financing sources	
Interfund transfers in (out) - HCBCC	<u>468</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, 2014

Assets

Cash	\$ <u>127,687</u>
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Liabilities and net position

Due to other governments:

Hamilton County Board of County Commissioners	\$ 1,777
State of Florida	1,838
Others	121,240

Other current liabilities

Interest payable	47
Due to individuals	<u>2,785</u>

Total liabilities	<u>127,687</u>
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Net position	<u>\$ -</u>
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**HAMILTON COUNTY, FLORIDA
TAX COLLECTOR**

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

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, \$1,777 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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services				
Delinquent tax fees	\$ 10,000	\$ 10,000	\$ 15,437	\$ 5,437
Motor vehicle fees	30,000	30,000	46,348	16,348
Sales tax fees	2,000	2,000	1,560	(440)
Fish and game fees	1,500	1,500	693	(807)
Driver's license fees	28,000	28,000	26,281	(1,719)
Miscellaneous fees	2,500	2,500	2,320	(180)
Tax commissions	302,000	302,000	320,317	18,317
Miscellaneous fees	100	100	90	(10)
Advertising fees	12,000	12,000	11,689	(311)
Miscellaneous revenues				
Interest	<u>149</u>	<u>149</u>	<u>145</u>	<u>(4)</u>
Total revenues	<u>388,249</u>	<u>388,249</u>	<u>424,880</u>	<u>36,631</u>
Expenditures				
General government services				
Personal services				
Executive salaries	97,176	97,176	97,176	-
Regular salaries	140,520	140,520	139,519	1,001
FICA taxes	18,031	18,031	17,785	246
Retirement - official	32,097	32,097	34,578	(2,481)
Retirement employees	6,565	6,565	6,642	(77)
Retirement employees - SMS	8,069	8,069	8,628	(559)
Life and health insurance	38,047	38,047	38,326	(279)
Unemployment compensation	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total personal services	<u>341,505</u>	<u>341,505</u>	<u>342,654</u>	<u>(1,149)</u>
Operating expenditures				
Professional services	1,000	5,250	7,636	(2,386)
Other contractual	16,720	16,970	16,933	37
Travel	5,238	2,988	3,064	(76)
Communications	4,000	3,650	3,580	70
Postage	3,846	1,221	1,211	10
Repair and maintenance	3,000	3,375	3,462	(87)
Printing and binding	4,500	3,515	3,512	3
Other current charges	1,000	765	765	-
Other current charges - advertising	12,000	15,200	15,858	(658)
Office supplies	2,000	1,950	1,946	4
Data processing	21,470	21,470	21,469	1
Operating supplies	500	-	-	-
Association dues	3,050	2,160	2,158	2
Education	<u>1,290</u>	<u>1,100</u>	<u>1,100</u>	<u>-</u>
Total operating expenditures	<u>79,614</u>	<u>79,614</u>	<u>82,694</u>	<u>(3,080)</u>

(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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (continued)				
Capital outlay				
Equipment	\$ -	\$ -	\$ -	\$ -
Total expenditures	421,119	421,119	425,348	(4,229)
Excess (deficiency) of revenues over expenditures	(32,870)	(32,870)	(468)	32,402
Other financing sources				
Interfund transfers in (out) - HCBCC	32,870	32,870	468	(32,402)
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

**HAMILTON COUNTY, FLORIDA
TAX COLLECTOR**

NOTES TO BUDGETARY COMPARISON SCHEDULE

September 30, 2014

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, 2014.

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

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**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 financial statements of the Hamilton County Tax Collector, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Hamilton County Tax Collector's financial statements, and have issued my report thereon dated June 5, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit of the 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hamilton County Tax Collector's internal control. Accordingly, I 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 5, 2015

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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kmdcpa@windstream.net

INDEPENDENT ACCOUNTANT'S REPORT

Honorable Tax Collector
Hamilton County, Florida

I have examined the Hamilton County Tax Collector's compliance with *Florida Statutes* 218.415 during the period ended September 30, 2014. Management is responsible for the Hamilton County Tax Collector's compliance with those requirements. My responsibility is to express an opinion on the Hamilton County Tax Collector's compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Hamilton County Tax Collector's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my examination provides a reasonable basis for my opinion. My examination does not provide a legal determination on the Hamilton County Tax Collector's compliance with the requirements.

In my opinion, the Hamilton County Tax Collector complied in all material respects, with the aforementioned requirements for the year ended September 30, 2014.



Kenneth M. Daniels
Certified Public Accountant
June 5, 2015

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MANAGEMENT LETTER

To the Honorable Tax Collector
Hamilton County, Florida

Report on the Financial Statements

I have audited the financial statements of the Hamilton County Tax Collector, as of and for the fiscal year ended September 30, 2014, and have issued my report thereon dated June 5, 2015.

Auditor's Responsibility

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, *Rules of the Auditor General*.

Other Reports

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550 *Rules of the Auditor General*. Disclosures in those reports, which are dated June 5, 2015, should be considered in conjunction with this management letter.

Prior year findings

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. There were no findings and recommendations made in the preceding or current annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., *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. The Hamilton County Tax Collector's financial statements included no component units.

Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that I address in the management letter any recommendations to improve financial management. In connection with my audit, I did not have any such recommendations.

Section 10.554(1)(i)3., *Rules of the 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.

Purpose of this Letter

Our 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, Federal and other granting agencies, the Council Members, and applicable 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 5, 2015