

HAMILTON COUNTY, FLORIDA

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2016

HAMILTON COUNTY, FLORIDA

LIST OF PRINCIPAL OFFICIALS

September 30, 2016

Board of County Commissioners

District I	Beth Burnam
District II	Josh Smith
District III	Robert E. 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

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

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

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of County Commissioners
Hamilton County, Florida

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hamilton County, Florida, as of and for the year ended September 30, 2016, 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, 2016, 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 43–46 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 non-major 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 are 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 9, 2017, 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.

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

Kenneth M. Daniels
Certified Public Accountant
June 9, 2017

HAMILTON COUNTY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended September 30, 2016

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, 2016. 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. Approximately \$1.36 million was expended in the fiscal year ending September 30, 2016, on County road projects. The ongoing projects are identified as follows: Love's Connection Road, 79th Drive, SW 107th Ave, 1st Street, Johns Street, NW 96th Place, NW 16th Ave, SW 59th Drive, NW 23rd Blvd.

The Veteran's Park was largely completed at a cost of \$200,349 via County assistance and numerous contributions.

In January 2014, a Rural Health Clinic opened in Jasper to serve county residents. An agreement with Live Oak HMA, LLC for the Clinic was signed on October 16, 2013. In fiscal year 2015-16, the County subsidized the Clinic in the amount of \$86,240; \$49,014 which was reimbursed by the Hamilton County Memorial Hospital Board of Trustees.

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. 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 12.

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 \$671,000, largely the result of increased fuel taxes \$1.9 million (2015) to \$2.6 million (2016).

The County's business-type activities Net Position decreased approximately \$462,000. 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 \$200,000, again, largely the result of the increased fuel taxes.

Other liabilities within the Governmental Activities decreased due to the prior year's retainage owed to the Scruggs Company, CR 143 and Estimate No. 4 owed to Anderson Columbia, CR 135. Long-term liabilities increased due to the recording of the County's pension liability per GASB 68.

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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Statement of Net Position						
Current and other assets	\$ 15.56	\$ 13.91	\$ 2.17	\$ 2.22	\$ 17.73	\$ 16.13
Capital assets	<u>37.44</u>	<u>37.94</u>	<u>5.81</u>	<u>6.19</u>	<u>43.25</u>	<u>44.13</u>
Total assets	53.00	51.85	7.98	8.41	60.98	60.26
Deferred outflows of resources	<u>6.21</u>	<u>3.52</u>	<u>-</u>	<u>-</u>	<u>6.21</u>	<u>3.52</u>
Total assets & deferred outflows of resources	<u>\$ 59.21</u>	<u>\$ 55.37</u>	<u>\$ 7.98</u>	<u>\$ 8.41</u>	<u>\$ 67.19</u>	<u>\$ 63.78</u>
Other liabilities	\$ 0.76	\$ 1.05	\$ 0.04	\$ 0.05	\$ 0.80	\$ 1.10
Long term liabilities	<u>11.55</u>	<u>7.15</u>	<u>1.92</u>	<u>1.88</u>	<u>13.47</u>	<u>9.03</u>
Total liabilities	<u>12.31</u>	<u>8.20</u>	<u>1.96</u>	<u>1.93</u>	<u>14.27</u>	<u>10.13</u>
Deferred inflows	<u>2.55</u>	<u>3.48</u>	<u>-</u>	<u>-</u>	<u>2.55</u>	<u>3.48</u>
Net position:						
Invested in Cap Assets	36.39	37.05	5.81	6.19	42.20	43.24
Restricted	4.99	4.11	-	-	4.99	4.11
Unrestricted	<u>2.97</u>	<u>2.53</u>	<u>0.21</u>	<u>0.29</u>	<u>3.18</u>	<u>2.82</u>
Total net position	<u>44.35</u>	<u>43.69</u>	<u>6.02</u>	<u>6.48</u>	<u>50.37</u>	<u>50.17</u>
Total liabilities, deferred inflows, and net position	<u>\$ 59.21</u>	<u>\$ 55.37</u>	<u>\$ 7.98</u>	<u>\$ 8.41</u>	<u>\$ 67.19</u>	<u>\$ 63.78</u>

Governmental Activities

Revenues decreased \$600,000. Prior year CDBG, FRDAP, and significant road projects, all grant funded, were completed. Miscellaneous revenues decreased due to the prior year reimbursement of road related expenditures by the Town of White Springs, FL, in the amount of \$96,000.

Transportation expenditures increased due to significant purchases of equipment, approximately \$1 million, and road repair material (millings), approximately \$100,000. The economic environment expenditures decreased due to significant expenditures incurred via the CDBG Grant repairing and replacing homes in the prior year - \$464,000.

Business-type Activities

Solid waste revenue increased slightly due to increased tonnage at the County's landfill from Hurricane Hermine. Water/wastewater revenue increased due to the replacing of faulty meters. Garbage/solid waste expenses increased due to a \$39,000 adjustment to the 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	
	2016	2015	2016	2015	2016	2015
Program revenues						
General government	\$ 2.72	\$ 2.67	\$ -	\$ -	\$ 2.72	\$ 2.67
Public safety	1.35	1.34	-	-	1.35	1.34
Physical environment	-	-	-	-	-	-
Transportation	2.82	3.38	-	-	2.82	3.38
Economic environment	0.42	0.62	-	-	0.42	0.62
Human services	0.19	0.17	-	-	0.19	0.17
Culture/recreation	0.40	0.72	-	-	0.40	0.72
Court related	0.37	0.44	-	-	0.37	0.44
Garbage/solid waste	-	-	0.22	0.20	0.22	0.20
Water/wastewater	-	-	0.07	0.06	0.07	0.06
General revenues			-	-		
Taxes			-	-		
Ad valorem	7.50	7.78	-	-	7.50	7.78
Tourist development	0.03	0.03	-	-	0.03	0.03
Fuel - voted	0.42	0.30	-	-	0.42	0.30
Fuel - local option	2.58	1.88	-	-	2.58	1.88
Discretionary sales	0.81	0.75	-	-	0.81	0.75
Commx services	0.01	0.02	-	-	0.01	0.02
Interest	0.04	0.02	-	0.01	0.04	0.03
Miscellaneous	0.21	0.35	-	-	0.21	0.35
Total revenues	<u>19.87</u>	<u>20.47</u>	<u>0.29</u>	<u>0.27</u>	<u>20.16</u>	<u>20.74</u>
Program expenses						
General government	3.30	3.19	-	-	3.30	3.19
Public safety	7.82	6.95	-	-	7.82	6.95
Physical environment	0.18	0.16	-	-	0.18	0.16
Transportation	4.71	4.05	-	-	4.71	4.05
Economic environment	0.73	1.00	-	-	0.73	1.00
Human services	0.59	0.53	-	-	0.59	0.53
Culture/recreation	1.07	1.02	-	-	1.07	1.02
Court related	0.72	0.66	-	-	0.72	0.66
Interest on long term debt	0.03	0.02	-	-	0.03	0.02
Garbage/solid waste	-	-	0.55	0.47	0.55	0.47
Water/wastewater combination	-	-	0.49	0.45	0.49	0.45
Total expenses	<u>19.15</u>	<u>17.58</u>	<u>1.04</u>	<u>0.92</u>	<u>20.19</u>	<u>18.50</u>
Excess (deficiency) before extraordinary and special items and transfers	0.72	2.89	(0.75)	(0.65)	(0.03)	2.24

Special and extraordinary items and transfers						
Extraordinary item	-	-	-	-	-	-
Special items	0.23	-	-	-	0.23	-
Transfers	(0.28)	(0.23)	0.28	0.23	-	-
Total special items and transfers	(0.05)	(0.23)	0.28	0.23	0.23	-
Change in net position	0.67	2.66	(0.47)	(0.42)	0.20	2.24
Beginning net position	43.69	41.03	6.49	6.91	50.18	47.94
Ending net position	<u>\$ 44.36</u>	<u>\$ 43.69</u>	<u>\$ 6.02</u>	<u>\$ 6.49</u>	<u>\$ 50.38</u>	<u>\$ 50.18</u>

The County's Funds

The County's General Fund's Fund Balance increased approximately \$1 million an increase of \$105,000 over the prior year's increase of \$895,000. Revenue increases of \$124,000 in sales taxes and \$59,000 in EMS fees were largely responsible. Expenditures decreased due to reduced capital outlay expenditures – completion of Gibson Park, courthouse parking lot, and significant expenditures on Veterans' Park projects (totaling \$431,020).

The Transportation Trust Fund's fund balance increased by \$1 million due to the increased fuel taxes resulting from Love's Travel Stop at the I75/SR129 interchange and Pilot Travel Center at the I75/SR6 interchange (approximately \$922,000 increase year-over-year).

Overall, the governmental funds' fund balance increased \$1.9 million. Again, strength in General Fund as indicated above and the increase in fuel taxes contributed.

The County's Enterprise Funds' Net Position decreased approximately \$461,800, the result of a \$410,000 in depreciation of plant and equipment. The landfill required additional funding from the County's General Fund in the amount of \$285,000.

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>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>Percent Change</u>
Total fund balances	\$ 14.82	\$ 12.94	\$ 1.88	14.5%
Unreserved Fund Balance				
<u>Major Funds</u>	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>Percent Change</u>
General	\$ 9.83	\$ 8.82	\$ 1.01	11.5%
Transportation Trust	4.16	3.07	1.09	35.5%
Landfill Enterprise Fund				
Change in Net Assets:				
Invested in Capital Assets				
	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>Percent Change</u>
	\$ 1.55	\$ 1.64	\$ (0.09)	-5.5%
Unrestricted				
	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>Percent Change</u>
	\$ (0.33)	\$ (0.37)	\$ 0.04	10.8%

I75/SR6 Utility Fund Change in Net Assets: Invested in Capital Assets				
	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>Percent Change</u>
	\$ 4.26	\$ 4.57	\$ (0.31)	-6.8%
Unrestricted				
	<u>2016</u>	<u>2015</u>	<u>\$ Change</u>	<u>Percent Change</u>
	\$ 0.54	\$ 0.66	\$ (0.12)	-18.2%

GENERAL FUND BUDGETARY HIGHLIGHTS

Detailed budget reviews by the Board of County Commissioners continued in fiscal year 2016 to ensure that the budgeted amounts are realistic and expenditures are incurred 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 \$148,000 due to the recognition of unanticipated receipts. The actual amounts expended were \$6.5 million less than the appropriated amounts largely due to budgeted reserves.

Actual receipts and balances exceeded the budgeted by \$3.33 million due to taxes (\$780,000 greater than budgeted) and budgetary fund balance (\$2.54 million greater than budgeted). Appropriations were under budget by approximately \$6.5 million due to a contingency of approximately \$5.4 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As indicated in the table below, the County has approximately \$77 million invested in capital assets such as land (including road right-of-ways), buildings, recreation facilities, landfill disposal facilities, roads, bridges, boat ramps, water/waste water facilities, and equipment. The above amount represents a net increase of \$2.2 million (additions \$2.7 million, deletions \$.5 million) over the previous year's total.

Fiscal year 2016's major additions included the following (in millions):

County Roads and recreation facilities	\$1.50
Equipment (graders, vehicles, and other)	1.20

Table 4
Capital Assets (in Millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 1.54	\$ 1.54	\$ 0.27	\$ 0.27	\$ 1.81	\$ 1.81
Construction in progress	2.09	0.56	-	-	2.09	0.56
Buildings	9.11	9.06	-	-	9.11	9.06
Improvements other than buildings	44.92	44.92	9.75	9.75	54.67	54.67
Equipment, furniture, and vehicles	8.48	7.84	0.93	0.93	9.41	8.77
Totals	<u>\$ 66.14</u>	<u>\$ 63.92</u>	<u>\$ 10.95</u>	<u>\$ 10.95</u>	<u>\$ 77.09</u>	<u>\$ 74.87</u>

Capital asset additions budgeted for fiscal year 2016-17 is approximately \$156,000 (equipment) in the General Fund and \$12.12 million in the Transportation Trust Fund (roads and equipment).

Debt

The County increased its outstanding debt by \$4.3 million due to adjustment of its pension liability under GASB 68.

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

	Governmental Activities		Business-type Activities		Totals	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Est. liability for closure	\$ -	\$ -	\$ 1.92	\$ 1.88	\$ 1.92	\$ 1.88
Capital leases	1.05	0.89	-	-	1.05	0.89
Compensated absences	0.66	0.67	0.02	0.02	0.68	0.69
Pension liability	<u>10.24</u>	<u>6.04</u>	<u>-</u>	<u>-</u>	<u>10.24</u>	<u>6.04</u>
Totals	<u>\$ 11.95</u>	<u>\$ 7.60</u>	<u>\$ 1.94</u>	<u>\$ 1.90</u>	<u>\$ 13.89</u>	<u>\$ 9.50</u>

2016-17 BUDGET AND CURRENTLY KNOWN FACTS

2017 Budget

A summary of the County's 2016-17 budget is as follows:

General Fund – The Board of County Commissioners budgeted a cash balance forward of \$5.99 million and revenues of \$11.9 million. Appropriations total \$18.22 million with budgeted reserves of \$5.3 million.

Transportation Trust Fund – A cash balance forward of \$3.07 million and revenues of \$14.9 million, fund appropriations of \$18.01 million with a budgeted reserve of \$3.3 million. Budgeted capital outlay is as follows: roads and bridges \$10.90 million, equipment \$1.21 million. Debt service of \$232,000 is budgeted.

Enterprise Fund – Tipping fees for landfill waste are budgeted at \$115,000. The State's Consolidated Waste Grant is budgeted at \$90,909. Transfers from General Fund will provide operating funds of \$152,235.

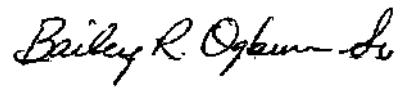
I75/SR6 Water/Wastewater Fund – utility revenues are budgeted at \$109,000 and expenses at \$83,000.

Currently Known Facts

The Board of County Commissioners is currently in the process of developing an economic development department to promote the economic and social well-being of its residents.

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.



Randy Ogburn
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, 2016

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Assets			
Cash	\$ 14,066,677	\$ 553,786	\$ 14,620,463
Accounts receivable	437,818	23,310	461,128
Allowance for doubtful accounts	(227,484)	-	(227,484)
Due from other governmental units	1,205,577	90,909	1,296,486
Prepaid item	80,000	-	80,000
Restricted assets			
Cash	-	1,508,086	1,508,086
Capital assets			
Land and construction in progress	3,628,795	267,366	3,896,161
Other capital assets, net of depreciation	<u>33,807,517</u>	<u>5,544,308</u>	<u>39,351,825</u>
Total capital assets	<u>37,436,312</u>	<u>5,811,674</u>	<u>43,247,986</u>
Total assets	52,998,900	7,987,765	60,986,665
Deferred outflows of resources			
Pensions	<u>6,215,606</u>	-	<u>6,215,606</u>
Total assets and deferred outflows of resources	<u>\$ 59,214,506</u>	<u>\$ 7,987,765</u>	<u>\$ 67,202,271</u>
Liabilities, deferred inflows of resources, and net position			
Liabilities			
Accounts payable	\$ 211,418	\$ 20,305	\$ 231,723
Contracts payable	114,665	-	114,665
Due to other governmental units	26,975	-	26,975
Payroll withholding/taxes	1,691	-	1,691
Deposits	-	1,700	1,700
Other current liabilities	3,566	-	3,566
Long-term liabilities			
Due within one year			
Compensated absences	186,586	19,359	205,945
Capital leases	216,986	-	216,986
Due within more than one year			
Estimated liability for landfill post-closure	-	1,922,939	1,922,939
Compensated absences	476,962	-	476,962
Capital leases	827,281	-	827,281
Pension liability	<u>10,243,592</u>	-	<u>10,243,592</u>
Total liabilities	<u>12,309,722</u>	<u>1,964,303</u>	<u>14,274,025</u>

(Continued)

See notes to financial statements.

Section II - Page 1

HAMILTON COUNTY, FLORIDA

STATEMENT OF NET POSITION

September 30, 2016

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Deferred inflows of resources			
Deferred grant proceeds	\$ 196,028	\$ -	\$ 196,028
Pensions	<u>2,351,860</u>	<u>-</u>	<u>2,351,860</u>
Total deferred inflows of resources	<u>2,547,888</u>	<u>-</u>	<u>2,547,888</u>
Net position			
Invested in capital assets, net of related debt	36,392,045	5,811,674	42,203,719
Restricted			
Transportation	4,162,779	-	4,162,779
Other purposes	830,065	-	830,065
Unrestricted	<u>2,972,007</u>	<u>211,788</u>	<u>3,183,795</u>
Total net position	<u>44,356,896</u>	<u>6,023,462</u>	<u>50,380,358</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 59,214,506</u>	<u>\$ 7,987,765</u>	<u>\$ 67,202,271</u>

HAMILTON COUNTY, FLORIDA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2016

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	\$ 3,301,113	\$ 354,809	\$ 2,338,370	\$ 25,911	\$ (582,023)	\$ -	\$ (582,023)
Public safety	7,816,409	991,177	358,645	-	(6,466,587)	-	(6,466,587)
Physical environment	184,324	-	-	-	(184,324)	-	(184,324)
Transportation	4,712,448	41,371	1,421,853	1,359,938	(1,889,286)	-	(1,889,286)
Economic environment	732,920	-	421,193	-	(311,727)	-	(311,727)
Human services	587,815	-	186,858	-	(400,957)	-	(400,957)
Culture/recreation	1,068,981	46,147	349,388	-	(673,446)	-	(673,446)
Court related	726,184	344,988	29,180	-	(352,016)	-	(352,016)
Interest on long term debt	26,382	-	-	-	(26,382)	-	(26,382)
Total governmental activities	<u>19,156,576</u>	<u>1,778,492</u>	<u>5,105,487</u>	<u>1,385,849</u>	<u>(10,886,748)</u>	<u>-</u>	<u>(10,886,748)</u>
Business type activities							
Garbage/solid waste services	553,449	128,479	90,909	-	-	(334,061)	(334,061)
Water/wastewater combination services	<u>487,100</u>	<u>74,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(412,779)</u>	<u>(412,779)</u>
	<u>1,040,549</u>	<u>202,800</u>	<u>90,909</u>	<u>-</u>	<u>-</u>	<u>(746,840)</u>	<u>(746,840)</u>
Total government	<u>\$ 20,197,125</u>	<u>\$ 1,981,292</u>	<u>\$ 5,196,396</u>	<u>\$ 1,385,849</u>	<u>(10,886,748)</u>	<u>(746,840)</u>	<u>(11,633,588)</u>
General revenues							
Taxes							
Ad valorem					7,499,751	-	7,499,751
Tourist development					26,611	-	26,611
Fuel - voted					424,022	-	424,022
Fuel - local option					2,579,490	-	2,579,490
Discretionary sales surtax					812,912	-	812,912
Communications services					13,905	-	13,905
Interest earnings					40,515	80	40,595
Miscellaneous					209,912	-	209,912
Special items							
Gain on disposal of assets					235,675	-	235,675
Transfers					<u>(284,955)</u>	<u>284,955</u>	<u>-</u>
Total general revenues, special items, and transfers					<u>11,557,838</u>	<u>285,035</u>	<u>11,842,873</u>
Change in net position					671,090	(461,805)	209,285
Net position - beginning					<u>43,685,806</u>	<u>6,485,267</u>	<u>50,171,073</u>
Net position - ending					<u>\$ 44,356,896</u>	<u>\$ 6,023,462</u>	<u>\$ 50,380,358</u>

See notes to financial statements.

HAMILTON COUNTY, FLORIDA

BALANCE SHEET GOVERNMENTAL FUNDS

September 30, 2016

	General Fund	County Transportation Trust Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 9,617,440	\$ 3,463,136	\$ 967,153	\$ 14,047,729
Accounts receivable	429,875	4,534	3,409	437,818
Allowance for doubtful accounts	(227,484)	-	-	(227,484)
Interfund receivables	195,019	-	9,189	204,208
Due from other governmental units	250,736	890,044	64,796	1,205,576
Prepaid item	80,000	-	-	80,000
Total assets and other debits	<u>\$ 10,345,586</u>	<u>\$ 4,357,714</u>	<u>\$ 1,044,547</u>	<u>\$ 15,747,847</u>
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable	\$ 168,846	\$ 38,255	\$ 4,317	\$ 211,418
Contracts payable	-	114,665	-	114,665
Interfund payables	-	1,356	183,903	185,259
Due to other governmental units	713	-	26,262	26,975
Compensated absences	147,177	39,409	-	186,586
Payroll taxes and other withholding	1,691	-	-	1,691
Other current liabilities	2,323	1,250	-	3,573
Total liabilities	<u>320,750</u>	<u>194,935</u>	<u>214,482</u>	<u>730,167</u>
Deferred inflows of resources				
Deferred grant proceeds	<u>196,028</u>	<u>-</u>	<u>-</u>	<u>196,028</u>
Fund balances				
Nonspendable - prepaid item	80,000	-	-	80,000
Restricted for:				
Transportation	-	4,162,779	-	4,162,779
Other purposes	-	-	830,065	830,065
Assigned	681,343	-	-	681,343
Unassigned	9,067,465	-	-	9,067,465
Total fund balances	<u>9,828,808</u>	<u>4,162,779</u>	<u>830,065</u>	<u>14,821,652</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,345,586</u>	<u>\$ 4,357,714</u>	<u>\$ 1,044,547</u>	<u>\$ 15,747,847</u>

HAMILTON COUNTY, FLORIDA

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

September 30, 2016

Total fund balances for governmental funds	\$ 14,821,652
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Total net assets reported for governmental activities in the statement of net assets 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	1,539,431
Construction in progress	2,089,364
Buildings	9,108,151
Accumulated depreciation - buildings	(3,532,221)
Improvements other than buildings (infrastructure)	44,924,399
Accumulated depreciation - improvements other than buildings	(18,514,213)
Equipment	8,479,833
Accumulated depreciation - equipment	<u>(6,658,432)</u>
Total capital assets (See note 4.)	<u>37,436,312</u>

The deferred outflows of resources and deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds:

Deferred outflows related to pensions	6,215,606
Deferred inflows related to pensions	(2,351,860)

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 assets.

Balances at September 30, 2016, are as follows:

Capital leases - current	(216,986)
Compensated absences - long-term	(476,955)
Capital leases - long-term	(827,281)
Pension liability - long-term	<u>(10,243,592)</u>
Total long-term debt	<u>(11,764,814)</u>
Total net assets of governmental activities	<u>\$ 44,356,896</u>

HAMILTON COUNTY, FLORIDA

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

For the Year Ended September 30, 2016

	General <u>Fund</u>	County Transportation <u>Trust Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues				
Taxes	\$ 8,288,645	\$ 3,003,512	\$ 26,611	\$ 11,318,768
Licenses and permits	76,835	-	-	76,835
Intergovernmental revenues	2,969,077	2,781,026	602,184	6,352,287
Charges for services	1,135,689	41,371	389,548	1,566,608
Fines and forfeitures	28,856	-	167,509	196,365
Interest	28,610	9,649	2,257	40,516
Miscellaneous	<u>355,413</u>	<u>3,310</u>	<u>6,845</u>	<u>365,568</u>
Total revenues	<u>12,883,125</u>	<u>5,838,868</u>	<u>1,194,954</u>	<u>19,916,947</u>
Expenditures				
Current				
General government	2,976,427	-	32,373	3,008,800
Public safety	6,584,460	-	373,997	6,958,457
Physical environment	172,048	-	-	172,048
Transportation	-	2,261,659	-	2,261,659
Economic environment	130,417	-	577,635	708,052
Human services	581,622	-	-	581,622
Culture/recreation	968,429	-	-	968,429
Court related	242,612	-	451,351	693,963
Capital outlay	276,400	2,428,572	34,195	2,739,167
Debt service				
Principal	14,066	315,847	-	329,913
Interest	<u>-</u>	<u>26,382</u>	<u>-</u>	<u>26,382</u>
Total expenditures	<u>11,946,481</u>	<u>5,032,460</u>	<u>1,469,551</u>	<u>18,448,492</u>
Excess (deficiency) of revenues over expenditures	<u>936,644</u>	<u>806,408</u>	<u>(274,597)</u>	<u>1,468,455</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, 2016

	General <u>Fund</u>	County Transportation <u>Trust Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Other financing sources (uses)				
Capital lease proceeds	\$ 70,330	\$ 411,870	\$ -	\$ 482,200
Interfund transfers in	502,044	-	439,392	941,436
Interfund transfers out	<u>(507,590)</u>	<u>(345,338)</u>	<u>(373,463)</u>	<u>(1,226,391)</u>
Total other financing sources (uses)	<u>64,784</u>	<u>66,532</u>	<u>65,929</u>	<u>197,245</u>
Special and extraordinary items				
Special item				
Sale of assets	<u>-</u>	<u>220,000</u>	<u>-</u>	<u>220,000</u>
Net change in fund balances	1,001,428	1,092,940	(208,668)	1,885,700
Fund balances at beginning of year	<u>8,827,380</u>	<u>3,069,839</u>	<u>1,038,733</u>	<u>12,935,952</u>
Fund balances at end of year	<u><u>\$ 9,828,808</u></u>	<u><u>\$ 4,162,779</u></u>	<u><u>\$ 830,065</u></u>	<u><u>\$ 14,821,652</u></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, 2016

Net change in fund balances - total governmental funds	\$ 1,885,700
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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	2,739,167
Depreciation	(3,216,024)

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 assets.

Principal reductions	329,913
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In the governmental funds, gain and losses on the disposal of assets are not recorded because no current financial resource flow has taken place. However, proceeds are removed and gain or loss is recorded at the government-wide statements.

Miscellaneous revenue	(40,002)
Gain on disposal of assets	15,675

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	(482,200)
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Pension costs are recorded in the statement of activities under the accrual basis of accounting; however, the expenditure is not recorded in the governmental funds until paid. The change in the contributions verses the expense is:

FRS Pension/HIS Expense	(568,791)
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In governmental funds, the long-term portion of accrued annual leave is not recorded. In the statement of net assets, the adjustment is made to salaries based on the increase or (decrease) in the liability.

Adjustment to accrued annual leave	<u>7,652</u>
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Change in net position of governmental activities	<u>\$ 671,090</u>
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HAMILTON COUNTY, FLORIDA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

September 30, 2016

	<u>Landfill Enterprise</u>	<u>I75/SR6 Utility</u>	<u>Total</u>
Assets			
Current assets			
Cash	\$ 1,175	\$ 552,611	\$ 553,786
Accounts receivable	22,509	801	23,310
Due from other governments	<u>90,909</u>	<u>-</u>	<u>90,909</u>
Total current assets	<u>114,593</u>	<u>553,412</u>	<u>668,005</u>
Noncurrent assets			
Restricted assets - expendable			
Cash	<u>1,508,086</u>	<u>-</u>	<u>1,508,086</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	937,757	-	937,757
Accumulated depreciation	<u>(3,382,355)</u>	<u>(1,758,113)</u>	<u>(5,140,468)</u>
Net capital assets	<u>1,548,330</u>	<u>4,263,344</u>	<u>5,811,674</u>
Total noncurrent assets	<u>3,056,416</u>	<u>4,263,344</u>	<u>7,319,760</u>
Total assets	<u>\$ 3,171,009</u>	<u>\$ 4,816,756</u>	<u>\$ 7,987,765</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 13,202	\$ 7,103	\$ 20,305
Compensated absences	19,359	-	19,359
Deposits	<u>-</u>	<u>1,700</u>	<u>1,700</u>
Total current liabilities	32,561	8,803	41,364
Noncurrent liabilities			
Estimated liability for landfill post-closure	<u>1,922,939</u>	<u>-</u>	<u>1,922,939</u>
Total liabilities	<u>1,955,500</u>	<u>8,803</u>	<u>1,964,303</u>
Net position			
Invested in capital assets, net of related debt	1,548,330	4,263,344	5,811,674
Unrestricted	<u>(332,821)</u>	<u>544,609</u>	<u>211,788</u>
Total net position	<u>1,215,509</u>	<u>4,807,953</u>	<u>6,023,462</u>
Total liabilities and net position	<u>\$ 3,171,009</u>	<u>\$ 4,816,756</u>	<u>\$ 7,987,765</u>

HAMILTON COUNTY, FLORIDA

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

For the Year Ended September 30, 2016

	<u>Landfill Enterprise</u>	<u>175/SR6 Utility</u>	<u>Total</u>
Operating Revenues			
Physical environment			
Garbage/solid waste revenue	\$ 127,368	\$ -	\$ 127,368
Service charges - water/waste water utilities	-	74,321	74,321
Sales of scrap	1,102	-	1,102
Miscellaneous	<u>9</u>	<u>-</u>	<u>9</u>
Total operating revenues	<u>128,479</u>	<u>74,321</u>	<u>202,800</u>
Operating Expenses			
Garbage/solid waste services			
Personal services	216,703	-	216,703
Operating expenses	<u>336,746</u>	<u>-</u>	<u>336,746</u>
Total garbage and solid waste services	<u>553,449</u>	<u>-</u>	<u>553,449</u>
Water-sewer Combination Services			
Operating expenses	<u>-</u>	<u>487,100</u>	<u>487,100</u>
Total operating expenses	<u>553,449</u>	<u>487,100</u>	<u>1,040,549</u>
Operating income (loss)	<u>(424,970)</u>	<u>(412,779)</u>	<u>(837,749)</u>
Nonoperating revenues (expenses)			
Intergovernmental revenue			
Small County Consolidated Grant	90,909	-	90,909
Interest revenue	<u>80</u>	<u>-</u>	<u>80</u>
Total nonoperating revenues (expenses)	<u>90,989</u>	<u>-</u>	<u>90,989</u>
Income (loss) before transfers	(333,981)	(412,779)	(746,760)
Transfers in			
General Fund	<u>284,955</u>	<u>-</u>	<u>284,955</u>
Change in net position	(49,026)	(412,779)	(461,805)
Net position - beginning	<u>1,264,535</u>	<u>5,220,732</u>	<u>6,485,267</u>
Net position - ending	<u>\$ 1,215,509</u>	<u>\$ 4,807,953</u>	<u>\$ 6,023,462</u>

HAMILTON COUNTY, FLORIDA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the Year Ended September 30, 2016

	Landfill <u>Enterprise</u>	I75/SR6 <u>Utility</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from customers	\$ 112,455	\$ 74,467	\$ 186,922
Cash paid to employees/employee benefits	(218,052)	-	(218,052)
Cash paid to suppliers/others	(197,027)	(193,048)	(390,075)
Net cash provided (used) by operating activities	(302,624)	(118,581)	(421,205)
Cash flows from non-capital financing activities			
State grants received	18,900	-	18,900
Interfund transfers	284,955	-	284,955
Cash provided by non-capital financing activities	303,855	-	303,855
Cash flows from capital and related financing activities			
Cash payments for equipment	(9,866)	-	(9,866)
Cash flows from investing activities			
Purchases of certificates of deposit	799	-	799
Interest received	80	-	80
Cash provided (used) by investing activities	879	-	879
Net increase (decrease) in cash and cash equivalents	(7,756)	(118,581)	(126,337)
Cash and cash equivalents, beginning	23,814	671,192	695,006
Cash and cash equivalents, ending (see below)	\$ 16,058	\$ 552,611	\$ 568,669
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ (424,970)	\$ (412,779)	\$ (837,749)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	99,226	293,224	392,450
(Increase) decrease in current assets			
Accounts receivable	(16,024)	146	(15,878)
Increase (decrease) in current liabilities			
Accounts payable	1,337	828	2,165
Accrued compensated absences	(1,349)	-	(1,349)
Landfill closure liability	39,156	-	39,156
Total adjustments	122,346	294,198	416,544
Net cash provided (used) by operating activities	\$ (302,624)	\$ (118,581)	\$ (421,205)
Cash per statement of net position			
Cash operating	\$ 1,175	\$ 552,611	\$ 553,786
Cash restricted	1,508,086	-	1,508,086
Total cash per statement of net position	1,509,261	552,611	2,061,872
Less: Certificate of deposit	(1,493,203)	-	(1,493,203)
Cash per the statement of cash flows	\$ 16,058	\$ 552,611	\$ 568,669
Noncash transactions	\$ -	\$ -	\$ -

HAMILTON COUNTY, FLORIDA

**STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS**

September 30, 2016

	<u>Agency Funds</u>
Assets	
Cash	\$ 771,142
Due from others	339
Due from State of FL	<u>339</u>
Total assets	<u>771,820</u>
Liabilities	
Due to other govt. units	343,169
Other current liabilities	
Due to others	<u>428,651</u>
Total liabilities	<u>771,820</u>
Net position	<u>\$ -</u>

HAMILTON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2016

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 water/wastewater 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.

Restricted and unrestricted resources:

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. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

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.

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.

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.

Pensions

In the government-wide statement of net position, liabilities are recognized for the County's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS's and the HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The County's retirement plans and related amounts are described in a subsequent note.

Long-term Liabilities

Long-term obligations that will be financed from resources to be received in the future by governmental funds are reported as liabilities in the government-wide statement of net position. In the governmental fund financial statements, bonds and other long-term obligations are not recognized as liabilities until due.

Changes in long-term liabilities for the current year are reported in a subsequent note.

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources,

represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item(s) that qualifies for reporting in this category. The deferred outflows of resources related to pensions are discussed in a subsequent note.

In addition to liabilities, the governmental funds balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one type of this item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: grant proceeds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The deferred inflows of resources related to pensions and reported at the government-wide financial statements are discussed in a subsequent note.

Net Position Flow Assumption

The County periodically funds outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. Consequently, it is the County's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The County may fund outlays for a particular purpose from both restricted and unrestricted resources (unassigned fund balance). To compute the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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.

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, if applicable.

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.

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.

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, 2016, the County had deposits of \$1,508,086 restricted for this purpose.

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.

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.

D. Restricted Net position

The government-wide statement of net position reports \$4,992,844 of restricted net position, none of which is restricted by enabling legislation.

NOTE 2. DEPOSITS AND INVESTMENTS

Deposits with Financial Institutions - The County's cash at September 30, 2016, 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, 2016, 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, 2016, the County complied with the above requirements.

The County's cash deposits/investments at September 30, 2016, consisted of the following:

<u>Deposits/investments</u>	<u>Balance</u>
Board of County Commissioners (BCC)	\$ 15,390,249
Clerk of Circuit Court	711,909
Property Appraiser	69,662
Sheriff	578,300
Supervisor of Elections	4,893
Tax Collector	144,678
Total deposits	<u>\$ 16,899,691</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, 2016, the Florida PRIME rating as established by Standard and Poors was AAAm. The weighted average day to maturity is 29 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:

	Board of County <u>Commissioners</u>	Clerk of <u>Courts</u>	Property <u>Appraiser</u>	<u>Sheriff</u>	Supervisor <u>of Elections</u>	Tax <u>Collector</u>	<u>Totals</u>
Deposits (including cert. of deposit)	\$ 15,370,479	\$ 711,909	\$ 69,662	\$ 578,300	\$ 4,893	\$ 144,678	\$ 16,879,921
Florida Prime	<u>19,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,770</u>
Total	<u>\$ 15,390,249</u>	<u>\$ 711,909</u>	<u>\$ 69,662</u>	<u>\$ 578,300</u>	<u>\$ 4,893</u>	<u>\$ 144,678</u>	<u>\$ 16,899,691</u>

NOTE 3. RECEIVABLES

Accounts receivable at September 30, 2016, consist of the following:

<u>Activity</u>	Miscellaneous <u>Amounts</u>	Billed <u>Accounts</u>	<u>Totals</u>
Governmental			
General	\$ 1,871	\$ 428,004	\$ 429,875
Special Revenue	7,943	-	7,943
Business-type			
Enterprise	<u>-</u>	<u>23,310</u>	<u>23,310</u>
Totals	<u>\$ 9,814</u>	<u>\$ 451,314</u>	<u>\$ 461,128</u>

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

EMS Patient Billings	\$ 428,004
Allowance for doubtful accounts	<u>(227,484)</u>
Net EMS receivables	<u>\$ 200,520</u>

Due from other government units at September 30, 2016, consists of the following:

<u>Activity</u>	State of <u>Florida</u>	Hamilton County <u>Hospital Authority</u>	<u>Total</u>
Governmental			
General	\$ 201,723	\$ 49,013	\$ 250,736
Special Revenue	954,841	-	954,841
Business - type			
Enterprise	<u>90,909</u>	<u>-</u>	<u>90,909</u>
Totals government and business - type	1,247,473	49,013	1,296,486
Agency	<u>339</u>	<u>-</u>	<u>339</u>
Totals	<u>\$ 1,247,812</u>	<u>\$ 49,013</u>	<u>\$ 1,296,825</u>

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016, was as follows:

	Balance 10/1/2015	Additions	Deletions	Balance 9/30/2016
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,539,431	\$ -	\$ -	\$ 1,539,431
Construction in progress	<u>555,064</u>	<u>1,534,300</u>	<u>-</u>	<u>2,089,364</u>
Total capital assets not being depreciated	<u>2,094,495</u>	<u>1,534,300</u>	<u>-</u>	<u>3,628,795</u>
Capital assets being depreciated				
Buildings and improvements	9,065,080	43,071	-	9,108,151
Improvements other than buildings				
Fences	13,126	-	-	13,126
Industrial parks - infrastructure	2,218,744	-	-	2,218,744
Recreational facilities	1,134,571	-	-	1,134,571
Roads and bridges	41,527,957	-	-	41,527,957
Sidewalks & Canopies - Annex	30,000	-	-	30,000
Machinery, furniture, equipment, and vehicles				
Board of County Commissioners	5,443,677	1,027,956	333,638	6,137,995
Sheriff (See Note ??.)	<u>2,401,063</u>	<u>133,840</u>	<u>193,065</u>	<u>2,341,838</u>
Total capital assets being depreciated	<u>61,834,218</u>	<u>1,204,867</u>	<u>526,703</u>	<u>62,512,382</u>
Less accumulated depreciation for:				
Buildings and improvements	3,394,396	137,826	-	3,532,222
Improvements other than buildings				
Fences	13,157	-	-	13,157
Industrial park - infrastructure	458,010	44,375	-	502,385
Recreational facilities	204,484	51,849	-	256,333
Roads	15,744,664	1,979,673	-	17,724,337
Sidewalks & Canopies - Annex	16,500	1,500	-	18,000
Machinery, furniture, equipment, and vehicles				
Board of County Commissioners	4,392,043	590,565	333,638	4,648,970
Sheriff	<u>1,767,963</u>	<u>410,235</u>	<u>168,738</u>	<u>2,009,460</u>
Total accumulated depreciation	<u>25,991,217</u>	<u>3,216,023</u>	<u>502,376</u>	<u>28,704,864</u>
Total capital assets being depreciated net	<u>35,843,000</u>	<u>(2,011,156)</u>	<u>24,327</u>	<u>33,807,517</u>
Governmental activity capital assets, net	<u>\$ 37,937,495</u>	<u>\$ (476,856)</u>	<u>\$ 24,327</u>	<u>\$ 37,436,312</u>
	Balance 10/1/2015	Additions	Deletions	Balance 9/30/2016
Business-type activities				
Capital assets not being depreciated				
Land	\$ 267,366	\$ -	\$ -	\$ 267,366
Capital assets being depreciated				
Buildings and landfill improvements	3,882,537	-	-	3,882,537
Water/wastewater plant	5,864,482	-	-	5,864,482
Equipment	<u>927,891</u>	<u>9,866</u>	<u>-</u>	<u>937,757</u>
Total capital assets being depreciated	<u>10,674,910</u>	<u>9,866</u>	<u>-</u>	<u>10,684,776</u>
Less accumulated depreciation for				
Buildings and improvements	2,349,917	92,903	-	2,442,820
Water/wastewater plant	1,464,889	293,224	-	1,758,113
Machinery, equipment, furniture, and vehicles	<u>933,211</u>	<u>6,324</u>	<u>-</u>	<u>939,535</u>
Total accumulated depreciation	<u>4,748,017</u>	<u>392,451</u>	<u>-</u>	<u>5,140,468</u>
Total capital assets being depreciated, net	<u>5,926,893</u>	<u>(382,585)</u>	<u>-</u>	<u>5,544,308</u>
Total business-type assets, net	<u>\$ 6,194,259</u>	<u>\$ (382,585)</u>	<u>\$ -</u>	<u>\$ 5,811,674</u>

Depreciation expense was charged to functions as follows:

Governmental activities

Function

General Government

Legislative	\$ 14,665
Executive	109
Financial & administrative	23,232
Other general government	<u>94,600</u>

Total general government 132,606

Public safety

Law enforcement	256,975
Fire control	3,509
Corrections	134,719
Emergency and disaster relief	60,226
Ambulance and rescue services	<u>98,822</u>

Total public safety 554,251

Transportation

Road and street	<u>2,403,343</u>
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Economic environment

Industry development	<u>23,948</u>
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Human services

Health	4,716
Public assistance	<u>1,476</u>

Total human services 6,192

Culture/recreation

Libraries	12,751
Parks and recreation	82,933
Cultural services	<u>-</u>

Total culture/recreation 95,684

Totals \$ 3,216,024

Business-type activities

Function

Physical environment

Garbage/solid waste control services	\$ 99,227
Water/sewer combination services	<u>293,224</u>

Total physical environment \$ 392,451

NOTE 5. LONG-TERM OBLIGATIONS

CAPITAL LEASES

The County leases equipment with a historical cost and accumulated depreciation of \$1,296,272 and \$491,844, 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 \$110,000. The payments include interest of 3.50%.
- C. The Board has an installment payment agreement with Bancorp South Equipment Finance for the purchase of a Volvo G930c Motor Grader with a Rockland Sloper. The financing agreement requires six annual payments (for each): five in the amount of \$29,417 and a final payment of \$120,000. The payments include interest of 2.49%.
- 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 \$110,000. 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%.
- F. The Board has an equipment lease purchase agreement with Nationwide Capital, LLC for the purchase of twelve Model DS200 Precinct Scanners with plastic ballot box and steel door and e-Bin and 4gb jump drives. The agreement requires five payments of \$14,066. The payments do not include interest (no interest is charged).
- G. The Board has an installment payment agreement with Ring Investments, LLC for the purchase of a Caterpillar 120M2 road grader. The agreement requires five payments of \$21,113 and a final payment of \$120,000. The payments include interest of 3.20%.
- H. The Board has an installment payment agreement with Ring Investments, LLC for the purchase of a Caterpillar 120M2 road grader with scarifier. The agreement requires five payments of \$21,993 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, 2016:

Year Ending September 30,	Governmental Activities
2017	\$ 246,070
2018	121,067
2019	346,589
2020	177,172
2021	<u>245,000</u>
Total minimum lease payments	1,135,898
Less: amount representing interest	<u>(91,631)</u>
Present value of future minimum lease payments	<u>\$ 1,044,267</u>

Changes in Long-Term Obligations

During the year ended September 30, 2016, the following changes occurred in the County's long-term obligations:

Governmental Activities

<u>Long-term Obligations</u>	Balance October 1, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance September 30, <u>2016</u>	Amounts Due Within <u>One Year</u>
Capital leases	\$ 891,981	\$ 482,200	\$ 329,914	\$ 1,044,267	\$ 216,986
Compensated absences	674,195	501,338	511,985	663,548	186,586
Net pension liability	<u>6,041,621</u>	<u>5,123,100</u>	<u>921,129</u>	<u>10,243,592</u>	<u>-</u>
Totals	<u>\$ 7,607,797</u>	<u>\$ 6,106,638</u>	<u>\$ 1,763,028</u>	<u>\$ 11,951,407</u>	<u>\$ 403,572</u>

Business-type

<u>Obligations</u>	Balance October 1, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance September 30, <u>2016</u>	Amounts Due Within <u>One Year</u>
Estimated liability for landfill closure	\$ 1,883,783	\$ 39,156	\$ -	\$ 1,922,939	\$ -
Compensated absences	<u>20,708</u>	<u>15,791</u>	<u>17,140</u>	<u>19,359</u>	<u>19,359</u>
	<u>\$ 1,904,491</u>	<u>\$ 54,947</u>	<u>\$ 17,140</u>	<u>\$ 1,942,298</u>	<u>\$ 19,359</u>

NOTE 6. INTERFUND ACTIVITIES

Interfund receivable and payables at September 30, 2016, are as follows:

<u>Major Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 195,018	\$ -
Transportation Trust	<u>-</u>	<u>1,356</u>
Total major funds	<u>195,018</u>	<u>1,356</u>
<u>Nonmajor Funds</u>		
Fine and Forfeiture (BCC)	3,738	-
CDBG	-	11,343
SHIP	-	135,805
Public Records Modernization	-	5,452
Fine and Forfeiture (Clerk)	5,452	-
Emergency Management Fund	<u>-</u>	<u>31,305</u>
Total nonmajor funds	<u>9,190</u>	<u>183,905</u>
<u>Agency Funds</u>	<u>-</u>	<u>18,947</u>
Total all funds	<u>\$ 204,208</u>	<u>\$ 204,208</u>

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, 2016, were as follows:

<u>Major Funds</u>	<u>Interfund Transfer In</u>	<u>Interfund Transfers Out</u>
General	\$ 502,043	\$ 507,590
Transportation Trust	-	345,338
Landfill Enterprise	<u>284,955</u>	<u>-</u>
Total major funds	<u>786,998</u>	<u>852,928</u>
<u>Nonmajor Funds</u>		
Fine and Forfeiture (BCC)	-	20,900
CDBG	156,737	135,805
SHIP	135,805	135,805
Public Records Modernization	-	80,953
Fine and Forfeiture (Clerk)	113,151	-
Emergency Management	<u>33,700</u>	<u>-</u>
Total nonmajor funds	<u>439,393</u>	<u>373,463</u>
Total all funds	<u>\$ 1,226,391</u>	<u>\$ 1,226,391</u>

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

NOTE 7. INTERFUND ELIMINATIONS

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

	<u>Interfund Payables</u>	<u>Interfund Receivables</u>
HCBC	\$ -	\$ 329,270
Clerk of Courts	126,648	-
Property Appraiser	69,662	-
Sheriff	115,489	-
Supervisor of Elections	439	-
Tax Collector	<u>17,032</u>	<u>-</u>
Totals	<u>\$ 329,270</u>	<u>\$ 329,270</u>

	<u>Interfund Transfers in</u>	<u>Interfund Transfers out</u>
HCBC	\$ -	\$ 5,779,000
Clerk of Courts	228,103	-
Property Appraiser	586,071	-
Sheriff	4,703,240	-
Supervisor of Elections	224,193	-
Tax Collector	<u>37,393</u>	<u>-</u>
Totals	<u>\$ 5,779,000</u>	<u>\$ 5,779,000</u>

NOTE 8. LANDFILL CLOSURE AND POSTCLOSURE COST

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

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

At September 30, 2016, \$1,922,939 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, 2016, and recognition of \$189,127 in closure costs (22.94% of capacity filled) and \$162,213 post-closure costs of the County's Class III cell.

For the South Cell (North Cell is no longer required to escrow funds for next year's expenses), the amount of \$1,571,600 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 \$635,347 and post-closure costs of \$544,934 are yet to be recognized. The estimated remaining life of the Class III landfill is thirty-six years. The estimated amounts are based on what it would cost to perform all closure and annual post-closure care in 2016. 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, 2016, restricted deposits of \$1,508,086 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 General Fund. As a result, it had an amount considered not available for future appropriations and, therefore, is 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 2016-17 fiscal year. See below.

At September 30, 2016, the unassigned general fund balance was \$9,067,465 or seventy-six percent of the General Fund's total expenditures.

A summary of the fund balances at September 30, 2016, is as follows:

Description	<u>General Fund</u>	<u>Transportation Trust Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>Restriction/Purpose</u>
Fund balances:					
Nonspendable					
Prepaid item	\$ 80,000	\$ -	\$ -	\$ 80,000	GASBS No. 54
Restricted for:					
Transportation	-	4,162,779	-	4,162,779	Florida Statutes Chapters 206 and 207
Other purposes:					
Fine & Forfeiture	-	-	370,823	370,823	Florida Statutes 938.15, 932.704, 775.083
SHIP	-	-	(135,805)	(135,805)	Florida Statutes 420.9072
Tourist Development	-	-	11,938	11,938	Florida Statutes 125.0104
Public Record Modernization	-	-	11,441	11,441	Florida Statutes 28.24
Inmate Welfare	-	-	110,073	110,073	Florida Statutes 951.23
911 Communications	-	-	461,595	461,595	Florida Statutes 365.172
Assigned	681,343	-	-	681,343	GASBS No. 54
Unassigned	9,067,465	-	-	9,067,465	-
Total fund balance	<u>\$ 9,828,808</u>	<u>\$ 4,162,779</u>	<u>\$ 830,065</u>	<u>\$ 14,821,652</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. FLORIDA RETIREMENT SYSTEM (FRS) - DEFINED BENEFIT PENSION PLAN

General Information

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the County are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the

FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' Web site.

The County's pension expense, FRS \$468,221 and HIS \$100,571 totaled \$568,792, for the fiscal year ended September 30, 2016.

FRS Pension Plan:

Plan Description: The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

Regular Class – Members of the FRS who do not qualify for membership in the other classes.

Elected County Officers Class – Members who hold specified elective offices in local government.

Senior Management Service Class (SMSC) – Members in senior management level positions.

Special Risk Class – Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service except for members classified as special risk that are eligible for normal retirement benefits at age 55 or at any age after 25 years of service.

All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service except for members classified as special risk that are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the Plan may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided: Benefits under the Plan 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 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 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 class to which the member belonged when the

service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
<i>Regular Class members initially enrolled before July 1, 2011</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class members initially enrolled on or after July 1, 2011</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<i>Elected County Officers</i>	3.00
<i>Senior Management Service Class</i>	2.00
<i>Special Risk Regular</i>	
Service from December 1, 1970, through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions: The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2015-16 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	7.37
FRS, Elected County Officers	3.00	43.24
FRS, Senior Management Service	3.00	21.14
FRS, Special Risk Regular	3.00	19.82
FRS, Special Risk Administrative	3.00	42.07
DROP - Applicable to		
Members from All of the Above Classes	0.00	12.28
FRS, Reemployed Retiree	(2)	(2)

Notes: (1) Employer rates include 1.26 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.04 percent for administrative costs of the Investment Plan.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The County's contributions, including employee contributions, to the Plan totaled \$836,322 for the fiscal year ended September 30, 2016, and were as follows:

	<u>FRS</u>		
	<u>Employer</u>	<u>Employee</u>	<u>Total</u>
Board of County Commissioners	\$ 233,910	\$ 66,568	\$ 300,478
Clerk of Courts	75,731	14,072	89,803
Property Appraiser	27,597	4,999	32,596
Sheriff	10,350	1,223	11,573
Supervisor of Elections	297,303	45,575	342,878
Tax Collector	<u>52,664</u>	<u>6,331</u>	<u>58,995</u>
	<u>\$ 756,440</u>	<u>\$ 66,568</u>	<u>\$ 836,322</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At September 30, 2016, the County reported a liability of \$7,766,627 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The County's proportionate share of the net pension liability was based on the County's 2015-16 fiscal year contributions relative to the 2014-15 fiscal year contributions of all participating members. At June 30, 2016, the County's proportionate shares and increases from its proportionate shares measured as of June 30, 2016, were as follows:

	<u>Beg 06-30-15</u>	<u>End 06-30-16</u>	<u>Increase/(Decrease)</u>
Hamilton County			
Clerk of the Circuit Court	0.003310697%	0.003137840%	-0.000172857%
Board of County Commissioners	0.010342609%	0.010512358%	0.000169749%
Property Appraiser	0.001123634%	0.001118489%	-0.000005145%
Tax Collector	0.002237661%	0.002174558%	-0.000063102%
Sheriff	0.012594393%	0.013373552%	0.000779159%
Supervisor of Elections	0.000438224%	0.000442003%	0.000003779%

For the fiscal year ended September 30, 2016, the County recognized pension expense of \$468,221. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>FRS</u>	<u>Deferred outflows</u>	<u>Deferred inflows</u>
<u>Description</u>	<u>of resources</u>	<u>of resources</u>
Difference between expected and actual experience	\$ 184,953	\$ 19,733
Changes in assumptions	212,263	-
Investments	2,007,577	926,718
Employer specific changes in proportion	32,470	13,258
County FRS contributions subsequent to the measurement date	20,427	-
Total	<u>\$ 2,457,690</u>	<u>\$ 959,709</u>

The deferred outflows of resources related to pensions, totaling \$176,684, resulting from County contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred

outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Hamilton County	Fiscal year ending September 30,					
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Thereafter</u>
Clerk of the Circuit Court	\$ 19,435	\$ 19,435	\$ 19,435	\$ 19,435	\$ 5,803	\$ -
Board of County Commissioners	3,736	3,736	3,736	3,736	3,736	1,494
Property Appraiser	(113)	(113)	(113)	(113)	(113)	(45)
Tax Collector	(1,389)	(1,389)	(1,389)	(1,389)	(1,389)	(556)
Sheriff	17,149	17,149	17,149	17,149	17,149	6,860
Supervisor of Elections	83	83	83	83	83	33

Actuarial Assumptions: The total pension liability in the July 1, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	7.60 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target <u>Allocation (1)</u>	Annual Arithmetic <u>Return</u>	Compound Annual (Geometric) <u>Return</u>	Standard <u>Deviation</u>
Cash	1.00%	3.00%	3.00%	1.70%
Fixed income	18.00%	4.70%	4.60%	4.60%
Global equity	53.00%	8.10%	6.80%	17.20%
Real estate	10.00%	6.40%	5.80%	12.00%
Private equity	6.00%	11.50%	7.80%	30.00%
Strategic investments	12.00%	6.10%	5.60%	11.10%
Assumed inflation			2.60%	1.90%

Note 1. As outlined in the Plan's investment policy.

Discount Rate: The discount rate used to measure the total pension liability was 7.60 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the County's Proportionate Share of the Net Position Liability to Changes in the Discount Rate: The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.60 percent, as well as what the County's proportionate share of

the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	1% Decrease <u>6.60%</u>	Current Discount Rate <u>7.60%</u>	1% Increase <u>8.60%</u>
County's proportionate share of the net pension liability	\$ <u>14,298,886</u>	\$ <u>7,766,627</u>	\$ <u>2,329,384</u>

Pension Plan Fiduciary Net Position: Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan: At September 30, 2016, the County and Constitutional Officers reported no amounts owed for contributions to the Plan required for the fiscal year ended September 30, 2016.

**Schedule of Hamilton County, Florida's Proportionate Share of Net Pension Liability
Florida Retirement System
Last 10 Fiscal Years***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Hamilton County, Florida's proportion of the net pension liability (asset)			
Board of County Commissioners	0.010512%	0.010343%	0.010106%
Clerk of Courts	0.003138%	0.003311%	0.002595%
Property Appraiser	0.001118%	0.001124%	0.001218%
Sheriff	0.013374%	0.012594%	0.013073%
Supervisor of Elections	0.000442%	0.000438%	0.000473%
Tax Collector	<u>0.002175%</u>	<u>0.002238%</u>	<u>0.001883%</u>
Total Hamilton County, Florida's proportion of the net pension liability (asset)	<u>0.030759%</u>	<u>0.030047%</u>	<u>0.029348%</u>
Hamilton County, Florida's proportionate share of the net pension liability (asset)			
Board of County Commissioners	\$ 2,654,379	\$ 1,335,887	\$ 616,604
Clerk of Courts	792,307	427,621	154,336
Property Appraiser	282,419	145,132	74,307
Sheriff	3,376,832	1,626,735	797,620
Supervisor of Elections	111,606	56,602	28,862
Tax Collector	<u>549,078</u>	<u>289,024</u>	<u>114,919</u>
Total Hamilton County, Florida's proportionate share of the net pension liability (asset)	<u>\$ 7,766,621</u>	<u>\$ 3,881,001</u>	<u>\$ 1,786,648</u>
Hamilton County, Florida's covered-employee payroll			
Board of County Commissioners	\$ 2,755,213	\$ 2,479,332	\$ 2,365,929
Clerk of Courts	537,991	546,589	574,229
Property Appraiser	328,070	321,473	321,325
Sheriff	2,646,264	2,775,732	2,683,352
Supervisor of Elections	118,771	111,594	110,701
Tax Collector	<u>241,082</u>	<u>236,843</u>	<u>236,695</u>
Total Hamilton County, Florida's covered-employee payroll	<u>\$ 6,627,391</u>	<u>\$ 6,471,563</u>	<u>\$ 6,292,231</u>
Hamilton County, Florida's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	117.19%	59.97%	28.39%
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%	96.09%

* Information is presented for those years available

**Schedule of Hamilton County, Florida's Contributions
Florida Retirement System
Last 10 Fiscal Years***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution			
Board of County Commissioners	\$ 285,252	\$ 271,033	\$ 253,693
Clerk of Courts	79,641	83,273	65,886
Property Appraiser	27,597	27,671	27,812
Sheriff	350,577	355,910	351,889
Supervisor of Elections	10,350	10,776	10,882
Tax Collector	<u>54,365</u>	<u>55,629</u>	<u>47,008</u>
Total Hamilton County, Florida, contractually required contribution	<u>807,782</u>	<u>804,292</u>	<u>757,170</u>
Contributions in relation to the contractually required contribution			
Board of County Commissioners	285,252	271,033	253,693
Clerk of Courts	79,641	83,273	65,886
Property Appraiser	27,597	27,671	27,812
Sheriff	350,577	355,910	351,889
Supervisor of Elections	10,350	10,776	10,882
Tax Collector	<u>54,365</u>	<u>55,629</u>	<u>47,008</u>
Total Hamilton County, Florida, contractually required contribution	<u>807,782</u>	<u>804,292</u>	<u>757,170</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Hamilton County, Florida's covered-employee payroll	<u>\$ 6,627,391</u>	<u>\$ 6,471,563</u>	<u>\$ 6,292,231</u>
Contributions as a percentage of covered-employee payroll	12.19%	12.43%	12.03%

* Information is presented for those years available

HIS Pension Plan

Plan Description: The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided: For the fiscal year ended June 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions: The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2016, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. The County contributed 100 percent of its

statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The County's contributions to the HIS Plan totaled \$122,818 for the fiscal year ended September 30, 2016, and were as follows:

Hamilton County, FL	<u>FRS</u>	<u>Inv</u>	<u>Total</u>
Board of County Commissioners	\$ 41,083	\$ 4,024	\$ 45,107
Clerk of Courts	7,786	1,144	8,930
Property Appraiser	5,446	-	5,446
Sheriff	1,864	-	1,864
Supervisor of Elections	56,791	678	57,469
Tax Collector	3,503	499	4,002
Total HIS contributions	<u>\$ 116,473</u>	<u>\$ 6,345</u>	<u>\$ 122,818</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2016, the County reported a net pension liability of \$2,476,965 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The County's proportionate share of the net pension liability was based on the County's 2015-16 fiscal year contributions relative to the total 2014-15 fiscal year contributions of all participating members.

At June 30, 2016, the County's proportionate shares and increases from its proportionate shares measured as of June 30, 2015, were as follows:

Hamilton County	<u>Beg 06-30-15</u>	<u>End 06-30-16</u>	<u>Increase/(Decrease)</u>
Clerk of the Circuit Court	0.001837189%	0.001734970%	(0.00000102)
Board of County Commissioners	0.008104873%	0.008442987%	0.00000338
Property Appraiser	0.001059137%	0.001057730%	(0.00000001)
Tax Collector	0.000780564%	0.000777500%	(0.00000003)
Sheriff	0.009033273%	0.008869202%	(0.00000164)
Supervisor of Elections	0.000370677%	0.000370693%	0.00000000

For the fiscal year ended September 30, 2016, the County recognized pension expense of \$100,571. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>HIS Description</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Difference between expected and actual experience	\$ -	\$ (5,642)
Changes in assumptions	218,716	-
Investments	85	-
Employer specific changes in proportion	19,493	(18,131)
County FRS contributions subsequent to the measurement date	1,259	-
Total	<u>\$ 239,553</u>	<u>\$ (23,773)</u>

The deferred outflows of resources, totaling \$1,259 was related to pensions resulting from County contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows

Hamilton County	Fiscal year ending September 30,					
	2017	2018	2019	2020	2021	Thereafter
Clerk of the Circuit Court	\$ (1,133)	\$ (1,133)	\$ (1,133)	\$ (1,133)	\$ (1,133)	\$ (1,600)
Board of County Commissioners	4,410	4,410	4,410	4,410	4,410	5,292
Property Appraiser	(18)	(18)	(18)	(18)	(18)	(22)
Tax Collector	(40)	(40)	(40)	(40)	(40)	(48)
Sheriff	(2,140)	(2,140)	(2,140)	(2,140)	(2,140)	(2,568)
Supervisor of Elections	-	-	-	-	-	-

Actuarial Assumptions The total pension liability in the July 1, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	2.85 percent

Mortality rates were based on the Generational RP-2000 with Projected Scale BB.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

Discount Rate The discount rate used to measure the total pension liability was 2.85 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 4.29 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.29 percent) or 1 percentage-point higher (5.29 percent) than the current rate:

	1% Decrease 1.85%	Current Discount Rate 2.85%	1% Increase 3.85%
County's proportionate share of the net pension liability	\$ 2,841,642	\$ 2,476,965	\$ 2,174,303

Pension Plan Fiduciary Net Position Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan At September 30, 2016, the County reported a payable of \$0 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended September 30, 2016.

**Schedule of Hamilton County, Florida's Proportionate Share of Net Pension Liability
Health Insurance Subsidy Program
Last 10 Fiscal Years***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Hamilton County, Florida's proportion of the net pension liability (asset)			
Board of County Commissioners	0.008443%	0.008105%	0.008030%
Clerk of Courts	0.001735%	0.001837%	0.001929%
Property Appraiser	0.001058%	0.001059%	0.001073%
Sheriff	0.008869%	0.009033%	0.008869%
Supervisor of Elections	0.000371%	0.000371%	0.000362%
Tax Collector	<u>0.000778%</u>	<u>0.000781%</u>	<u>0.000789%</u>
Total Hamilton County, Florida's proportion of the net pension liability (asset)	<u>0.021253%</u>	<u>0.021186%</u>	<u>0.021052%</u>
Hamilton County, Florida's proportionate share of the net pension liability (asset)			
Board of County Commissioners	\$ 983,995	\$ 826,570	\$ 750,791
Clerk of Courts	202,204	187,364	180,320
Property Appraiser	123,274	108,015	100,367
Sheriff	1,033,669	921,252	829,254
Supervisor of Elections	43,203	37,803	33,870
Tax Collector	<u>90,614</u>	<u>79,605</u>	<u>73,809</u>
Total Hamilton County, Florida's proportionate share of the net pension liability (asset)	<u>\$ 2,476,959</u>	<u>\$ 2,160,609</u>	<u>\$ 1,968,410</u>
Hamilton County, Florida's covered-employee payroll			
Board of County Commissioners	\$ 2,755,213	\$ 2,479,332	\$ 2,365,929
Clerk of Courts	537,991	546,589	574,229
Property Appraiser	328,070	321,473	321,325
Sheriff	2,646,264	2,775,732	2,683,352
Supervisor of Elections	118,771	111,594	110,701
Tax Collector	<u>241,082</u>	<u>236,843</u>	<u>236,695</u>
Total Hamilton County, Florida's covered-employee payroll	<u>\$ 6,627,391</u>	<u>\$ 6,471,563</u>	<u>\$ 6,292,231</u>
Hamilton County, Florida's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.37%	33.39%	31.28%
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%	96.09%

* Information is presented for those years available

**Schedule of Hamilton County, Florida's Contributions
Health Insurance Subsidy Program
Last 10 Fiscal Years***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution			
Board of County Commissioners	\$ 45,107	\$ 31,240	\$ 28,391
Clerk of Courts	8,931	6,887	6,891
Property Appraiser	5,446	4,051	3,856
Sheriff	43,928	34,974	32,200
Supervisor of Elections	1,864	1,406	1,328
Tax Collector	<u>4,002</u>	<u>2,984</u>	<u>2,840</u>
Total Hamilton County, Florida, contractually required contribution	<u>109,278</u>	<u>81,542</u>	<u>75,506</u>
Contributions in relation to the contractually required contribution			
Board of County Commissioners	45,107	31,240	28,391
Clerk of Courts	8,931	6,887	6,891
Property Appraiser	5,446	4,051	3,856
Sheriff	43,928	34,974	32,200
Supervisor of Elections	1,864	1,406	1,328
Tax Collector	<u>4,002</u>	<u>2,984</u>	<u>2,840</u>
Total Hamilton County, Florida, contractually required contribution	<u>109,278</u>	<u>81,542</u>	<u>75,506</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Hamilton County, Florida's covered-employee payroll	 <u>\$ 6,627,391</u>	 <u>\$ 6,471,563</u>	 <u>\$ 6,292,231</u>
Contributions as a percentage of covered-employee payroll	1.65%	1.26%	1.20%

* Information is presented for those years available

FRS – Defined Contribution Pension Plan

The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. County employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2015-16 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>	
	<u>July 1, 2015</u>	<u>July 1, 2016</u>
FRS, Regular	6.30%	6.30%
FRs, Elected County Officers	11.34%	11.34%
FRS, Senior Management Service	7.67%	7.67%

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the County.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The County's Investment Plan pension expense totaled \$164,667 for the fiscal year ended September 30, 2016, and was as follows:

Hamilton County		
Clerk of the Circuit Court	\$	55,367
Board of County Commissioners		5,054
Property Appraiser		-
Tax Collector		-
Sheriff		102,046
Supervisor of Elections		2,200
Total investment plan pension expense	\$	<u>164,667</u>

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, 2016, the County had the following construction related commitments:

<u>Construction Contractor</u>	<u>Project</u>	<u>Contract Amount</u>	<u>Paid through September 30, 2016</u>	<u>Remaining Balance</u>
Anderson Columbia	SW 59th Dr	\$ 1,330,948	\$ -	\$ 1,330,948
Anderson Columbia	NW 23rd Blvd	3,960,171	-	3,960,171
The Scruggs Company	NW 16th Ave	654,736	589,262	65,474
The Scruggs Company	1st St, 96th Place, Johns St	491,913	442,722	49,191

<u>Administrative & Engineering Services</u>	<u>Project</u>	<u>Contract Amount</u>	<u>Paid through September 30, 2016</u>	<u>Remaining Balance</u>
North Florida Professional Services, Inc.	NW 23rd Blvd	\$ 85,714	\$ 14,286	\$ 71,428
North Florida Professional Services, Inc.	NW 16th Ave	57,120	57,120	-
North Florida Professional Services, Inc.	SW 59th Dr	89,750	79,750	10,000
North Florida Professional Services, Inc.	SW 79th Dr	95,836	-	95,836
North Florida Professional Services, Inc.	Loves Bypass	149,450	73,725	75,725
North Florida Professional Services, Inc.	SW 107th Ave	16,466	4,155	12,311

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 2015-16 fiscal year:

No. 72, Fair Value Measurement and Application

No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68

No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans

No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

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 2017-18 fiscal year (and beyond):

No. 77, Tax Abatement Disclosures

No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans

No. 79, Certain External Investment Pools and Pool Participants

No. 80, Blending Requirements For Certain Component Units – an amendment of GASB No. 14

The County is evaluating the effects that these statements will have on its financial statements for the year ending September 30, 2017.

NOTE 16. SUBSEQUENT EVENTS

Construction contracts awarded:

<u>Contractor</u>	<u>Project</u>	<u>Contract Amount</u>	<u>Award Date</u>
Anderson Columbia	SW 59th Dr	\$ 1,330,947	10/4/2016
Anderson Columbia	NW 23rd Blvd	3,960,171	10/18/2016

Significant purchases:

<u>Equipment description</u>	<u>Source</u>	<u>Amount</u>	<u>Purchase Date</u>
Motor Grader	Beard Equipment	\$ 219,000	11/16/2016
102.21 acres land	White Springs Agricultural Chemicals, Inc.	204,750	4/6/2017

County management has evaluated the subsequent events through the date of the audit report – June 9, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

HAMILTON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2016

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balance	\$ 6,243,236	\$ 6,243,236	\$ 8,827,380	\$ 2,584,144
Estimated receipts				
Taxes	7,509,836	7,509,836	8,288,645	778,809
Licenses and permits	62,177	62,177	76,835	14,658
Intergovernmental revenues	3,232,522	3,232,522	2,969,078	(263,444)
Charges for services	1,268,469	1,152,969	1,135,689	(17,280)
Judgments, fines, and forfeits	7,802	115,500	28,856	(86,644)
Miscellaneous revenues	136,991	292,831	384,022	91,191
Other sources	<u>339,890</u>	<u>339,890</u>	<u>572,373</u>	<u>232,483</u>
Total estimated receipts and balances	<u>18,800,923</u>	<u>18,948,961</u>	<u>22,282,878</u>	<u>3,333,917</u>
Appropriations				
General government	3,942,014	3,942,014	3,078,020	(863,994)
Public safety	6,782,134	7,027,828	6,731,496	(296,332)
Physical environment	173,558	173,558	172,048	(1,510)
Economic environment	92,871	92,871	167,516	74,645
Human services	688,849	688,849	581,622	(107,227)
Culture/recreation	863,582	863,582	973,166	109,584
Other uses	6,015,131	5,925,101	507,590	(5,417,511)
Court related	<u>242,784</u>	<u>235,158</u>	<u>242,612</u>	<u>7,454</u>
Total appropriations	<u>18,800,923</u>	<u>18,948,961</u>	<u>12,454,070</u>	<u>(6,494,891)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,828,808</u>	<u>\$ 9,828,808</u>

HAMILTON COUNTY, FLORIDA

BUDGETARY COMPARISON SCHEDULE COUNTY TRANSPORTATION TRUST FUND

For the Year Ended September 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Budgetary fund balance	\$ 1,781,231	\$ 1,781,231	\$ 3,069,839	\$ 1,288,608
Estimated receipts				
Taxes	2,090,338	2,090,338	3,003,513	913,175
Intergovernmental revenue	5,914,958	5,914,958	2,781,026	(3,133,932)
Charges for services	1,000	1,000	41,371	40,371
Miscellaneous revenues	5,500	5,500	232,959	227,459
Other financing sources	<u>420,000</u>	<u>420,000</u>	<u>411,870</u>	<u>(8,130)</u>
Total estimated receipts and balances	<u>10,213,027</u>	<u>10,213,027</u>	<u>9,540,578</u>	<u>(672,449)</u>
Appropriations				
Transportation				
Roads and bridges				
Personal services	1,729,265	1,729,265	1,740,242	(10,977)
Operating expenditures	634,617	634,617	508,533	126,084
Capital outlay	5,606,993	5,606,993	2,428,572	3,178,421
Debt service	57,147	57,147	342,230	(285,083)
Grants & Aids	12,884	12,884	12,884	-
Other uses	<u>339,890</u>	<u>339,890</u>	<u>345,338</u>	<u>(5,448)</u>
Total transportation	8,380,796	8,380,796	5,377,799	3,002,997
Reserves				
Reserve for contingencies	<u>1,832,231</u>	<u>1,832,231</u>	<u>-</u>	<u>1,832,231</u>
Total appropriations	<u>10,213,027</u>	<u>10,213,027</u>	<u>5,377,799</u>	<u>4,835,228</u>
Budgetary fund balance at year end	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,162,779</u>	<u>\$ 4,162,779</u>

HAMILTON COUNTY, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULES

September 30, 2016

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, 2016, 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. 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	\$ 22,282,878	\$ 9,540,578
Adjustments		
Budgetary fund balance is an amount available for appropriation but is not considered a revenue for GAAP reporting	(8,827,380)	(3,069,839)
Transfers in are available for appropriation but are not revenues for GAAP reporting	(502,043)	-
Special and extraordinary items are available for appropriation but are not revenues for GAAP reporting	-	(220,000)
Capital lease proceeds are available for appropriation but are not revenues for GAAP reporting	<u>(70,330)</u>	<u>(411,871)</u>
Total revenues reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 12,883,125</u>	<u>\$ 5,838,868</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total appropriations" from the budgetary comparison schedules	\$ 12,454,070	\$ 5,377,799
Transfers out are appropriations for budgeting purposes but are not expenditures for GAAP reporting	<u>(507,589)</u>	<u>(345,339)</u>
Total expenditures reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 11,946,481</u>	<u>\$ 5,032,460</u>

NOTE 3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Contrary to *Florida Statutes* 129.07, expenditures exceeded appropriations in the following funds: CDBG Housing Construction Fund, Local Housing Assistance (SHIP) Fund.

SUPPLEMENTARY INFORMATION

HAMILTON COUNTY, FLORIDA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

September 30, 2016

	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	\$ 371,174	\$ -	\$ -	\$ 10,751	\$ 16,892	\$ -	\$ -	\$ 106,741	\$ 461,595	\$ 967,153
Accounts receivable	46	-	-	-	-	-	31	3,332	-	3,409
Interfund receivables	3,738	-	-	-	-	5,451	-	-	-	9,189
Due from other governmental units	-	32,274	-	1,249	-	-	31,273	-	-	64,796
Total assets	<u>\$ 374,958</u>	<u>\$ 32,274</u>	<u>\$ -</u>	<u>\$ 12,000</u>	<u>\$ 16,892</u>	<u>\$ 5,451</u>	<u>\$ 31,304</u>	<u>\$ 110,073</u>	<u>\$ 461,595</u>	<u>\$ 1,044,547</u>
Liabilities and fund balances										
Liabilities										
Accounts payable	\$ 4,135	\$ -	\$ -	\$ 62	\$ -	\$ 120	\$ -	\$ -	\$ -	\$ 4,317
Interfund payables	-	11,343	135,805	-	5,451	-	31,304	-	-	183,903
Due to other governmental units	-	20,931	-	-	-	5,331	-	-	-	26,262
Other current liabilities	-	-	-	-	-	-	-	-	-	-
Total liabilities	<u>4,135</u>	<u>32,274</u>	<u>135,805</u>	<u>62</u>	<u>5,451</u>	<u>5,451</u>	<u>31,304</u>	<u>-</u>	<u>-</u>	<u>214,482</u>
Fund balances										
Restricted for:										
Other purposes	<u>370,823</u>	<u>-</u>	<u>(135,805)</u>	<u>11,938</u>	<u>11,441</u>	<u>-</u>	<u>-</u>	<u>110,073</u>	<u>461,595</u>	<u>830,065</u>
Total liabilities and fund balance	<u>\$ 374,958</u>	<u>\$ 32,274</u>	<u>\$ -</u>	<u>\$ 12,000</u>	<u>\$ 16,892</u>	<u>\$ 5,451</u>	<u>\$ 31,304</u>	<u>\$ 110,073</u>	<u>\$ 461,595</u>	<u>\$ 1,044,547</u>

See notes to financial statements.

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HAMILTON COUNTY, FLORIDA

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

For the Year Ended September 30, 2016

	<u>Fine & Forfeiture</u>	<u>CDBG</u>	<u>Local Housing (SHIP) Fund</u>	<u>Tourist Development</u>	<u>Public Records Modernization</u>	<u>Clerk's Fine & Forfeiture</u>	<u>Sheriff's Emerg. Mgt.</u>	<u>Sheriff's Inmate Welfare</u>	<u>Sheriff's 911 Commx</u>	<u>Total Nonmajor Special Revenue Funds</u>
Revenues										
Taxes	\$ -	\$ -	\$ -	\$ 26,611	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,611
Intergovernmental revenues	-	11,629	350,000	-	-	29,180	140,855	-	70,520	602,184
Charges for services	-	-	-	-	16,396	212,315	-	48,126	112,711	389,548
Fines and forfeitures	41,166	-	-	-	29,700	96,525	-	118	-	167,509
Interest	1,068	-	309	35	-	179	-	126	540	2,257
Miscellaneous	-	-	4	4,895	-	1	1,945	-	-	6,845
Total revenues	<u>42,234</u>	<u>11,629</u>	<u>350,313</u>	<u>31,541</u>	<u>46,096</u>	<u>338,200</u>	<u>142,800</u>	<u>48,370</u>	<u>183,771</u>	<u>1,194,954</u>
Expenditures										
Current										
General government	-	-	-	-	32,373	-	-	-	-	32,373
Public safety	31,078	-	-	-	-	-	165,880	35,321	141,718	373,997
Economic environment	-	32,560	502,817	42,258	-	-	-	-	-	577,635
Court related	-	-	-	-	-	451,351	-	-	-	451,351
Capital outlay	-	-	-	-	6,231	-	10,620	-	17,344	34,195
Debt service										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>31,078</u>	<u>32,560</u>	<u>502,817</u>	<u>42,258</u>	<u>38,604</u>	<u>451,351</u>	<u>176,500</u>	<u>35,321</u>	<u>159,062</u>	<u>1,469,551</u>

(Continued)
See notes to financial statements.

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

For the Year Ended September 30, 2016

	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	<u>\$ 11,156</u>	<u>\$ (20,931)</u>	<u>\$ (152,504)</u>	<u>\$ (10,717)</u>	<u>\$ 7,492</u>	<u>\$ (113,151)</u>	<u>\$ (33,700)</u>	<u>\$ 13,049</u>	<u>\$ 24,709</u>	<u>\$ (274,597)</u>
Other financing sources (uses)										
Interfund transfers in	-	156,736	135,805	-	-	113,151	33,700	-	-	439,392
Interfund transfers out	-	(135,805)	(135,805)	-	(80,953)	-	-	-	-	(352,563)
Transfers out to Constitutional Officers	<u>(20,900)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,900)</u>
Total other financing sources (uses)	<u>(20,900)</u>	<u>20,931</u>	<u>-</u>	<u>-</u>	<u>(80,953)</u>	<u>113,151</u>	<u>33,700</u>	<u>-</u>	<u>-</u>	<u>65,929</u>
Net change in fund balances	(9,744)	-	(152,504)	(10,717)	(73,461)	-	-	13,049	24,709	(208,668)
Fund balances at beginning of year	<u>380,567</u>	<u>-</u>	<u>16,699</u>	<u>22,655</u>	<u>84,902</u>	<u>-</u>	<u>-</u>	<u>97,024</u>	<u>436,886</u>	<u>1,038,733</u>
Fund balances at end of year	<u>\$ 370,823</u>	<u>\$ -</u>	<u>\$ (135,805)</u>	<u>\$ 11,938</u>	<u>\$ 11,441</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,073</u>	<u>\$ 461,595</u>	<u>\$ 830,065</u>

HAMILTON COUNTY, FLORIDA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS

September 30, 2016

	Agency Funds												
	Fair <u>Association</u>	Crossroads <u>Fire Department</u>	Belleville <u>Fire Department</u>	Registry <u>of Courts</u>	Bond <u>Estreatures</u>	Clerk's <u>Trust</u>	Child <u>Support</u>	Sheriff's <u>Trust</u>	Inmate <u>Trust</u>	Tax Collector's <u>Trust</u>	Property <u>Appraiser's Trust</u>	Supervisor's <u>Trust</u>	<u>Totals</u>
Assets													
Cash	\$ 36,380	\$ 15,183	\$ 5,974	\$ 39,396	\$ 192,454	\$ 348,004	\$ -	\$ 160	\$ 6,638	\$ 126,953	\$ -	\$ -	\$ 771,142
Due from others	-	-	-	-	-	339	-	-	-	-	-	-	339
Due from State of FL	-	-	-	-	-	-	339	-	-	-	-	-	339
Total assets	<u>36,380</u>	<u>15,183</u>	<u>5,974</u>	<u>39,396</u>	<u>192,454</u>	<u>348,343</u>	<u>339</u>	<u>160</u>	<u>6,638</u>	<u>126,953</u>	<u>-</u>	<u>-</u>	<u>771,820</u>
Liabilities													
Due to other govt. units	-	-	-	-	-	222,541	-	-	-	120,628	-	-	343,169
Other current liabilities													
Due to others	<u>36,380</u>	<u>15,183</u>	<u>5,974</u>	<u>39,396</u>	<u>192,454</u>	<u>125,802</u>	<u>339</u>	<u>160</u>	<u>6,638</u>	<u>6,325</u>	<u>-</u>	<u>-</u>	<u>428,651</u>
Total liabilities	<u>36,380</u>	<u>15,183</u>	<u>5,974</u>	<u>39,396</u>	<u>192,454</u>	<u>348,343</u>	<u>339</u>	<u>160</u>	<u>6,638</u>	<u>126,953</u>	<u>-</u>	<u>-</u>	<u>771,820</u>
Net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<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, 2016

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Budgetary/actual fund balance	\$ 279,231	\$ 346,465	\$ 380,567	\$ 34,102
Estimated receipts				
Fines and forfeits				
Judgments and fines	7,500	5,175	5,175	-
Other fines and/or forfeits	59,434	35,991	35,991	-
Miscellaneous revenues				
Interest	<u>300</u>	<u>1,068</u>	<u>1,068</u>	<u>-</u>
Total estimated receipts and balances	<u>346,465</u>	<u>388,699</u>	<u>422,801</u>	<u>34,102</u>
Appropriations				
Public safety				
Emergency and disaster relief services				
Operating expenditures	-	48,716	31,078	17,638
Other financing uses				
Interfund transfers out	-	2,900	20,900	(18,000)
Reserves	<u>346,465</u>	<u>337,083</u>	<u>-</u>	<u>337,083</u>
Total appropriations	<u>346,465</u>	<u>388,699</u>	<u>51,978</u>	<u>336,721</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 370,823</u>	<u>\$ 370,823</u>

HAMILTON COUNTY, FLORIDA

BUDGETARY COMPARISON SCHEDULE CDBG HOUSING CONSTRUCTION FUND

For the Year Ended September 30, 2016

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balance	\$ -	\$ -	\$ -	\$ -
Estimated receipts				
Intergovernmental revenue				
Federal grants				
Federal housing	-	-	11,629	11,629
Other financing sources				
Interfund transfer in	<u>-</u>	<u>-</u>	<u>156,736</u>	<u>156,736</u>
Total revenues	<u>-</u>	<u>-</u>	<u>168,365</u>	<u>168,365</u>
Appropriations				
Economic environment				
Housing and urban development				
Operating expenditures	-	-	25,684	(25,684)
Grants and aids	<u>-</u>	<u>-</u>	<u>6,876</u>	<u>(6,876)</u>
Total housing and urban development	<u>-</u>	<u>-</u>	<u>32,560</u>	<u>(32,560)</u>
Other financing sources (uses)				
Interfund transfers out	<u>-</u>	<u>-</u>	<u>135,805</u>	<u>(135,805)</u>
Total appropriations	<u>-</u>	<u>-</u>	<u>168,365</u>	<u>(168,365)</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, 2016

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balance	\$ -	\$ -	\$ 16,699	\$ 16,699
Estimated receipts				
Intergovernmental revenue				
Local Housing Assistance Program	350,000	350,000	350,000	-
Miscellaneous revenues				
Interest	100	100	309	209
Miscellaneous	-	-	4	4
Other financing sources				
Interfund transfer in	-	-	135,805	135,805
Total estimated receipts and balances	<u>350,100</u>	<u>350,100</u>	<u>502,817</u>	<u>152,717</u>
Appropriations				
Economic environment				
Housing and urban development				
Operating expenditures	<u>350,100</u>	<u>350,100</u>	<u>502,817</u>	<u>(152,717)</u>
Other financing uses				
Interfund transfers out	-	-	135,805	(135,805)
Total appropriations	<u>350,100</u>	<u>350,100</u>	<u>638,622</u>	<u>(288,522)</u>
Budgetary fund balance at year end	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (135,805)</u>	<u>\$ (135,805)</u>

HAMILTON COUNTY, FLORIDA

BUDGETARY COMPARISON SCHEDULE TOURIST DEVELOPMENT FUND

For the Year Ended September 30, 2016

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balance	\$ 23,070	\$ 13,533	\$ 22,655	\$ 9,122
Estimated receipts				
Taxes				
Local option tourist development tax	28,700	28,700	26,611	(2,089)
Miscellaneous revenues				
Interest	25	25	35	10
Other miscellaneous revenues	<u>-</u>	<u>-</u>	<u>4,895</u>	<u>4,895</u>
Total estimated receipts and balances	<u>51,795</u>	<u>42,258</u>	<u>54,196</u>	<u>11,938</u>
Appropriations				
Economic environment				
Industry development				
Personal services	-	-	-	-
Operating expenditures	50,795	42,258	42,258	-
Capital outlay	1,000	-	-	-
Grants and aids	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total industry development	<u>51,795</u>	<u>42,258</u>	<u>42,258</u>	<u>-</u>
Budgetary fund balance at year end	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,938</u>	<u>\$ 11,938</u>

COMPLIANCE SECTION

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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

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

To the Honorable Board of County Commissioners
Hamilton County, Florida

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hamilton County, Florida, as of and for the year ended September 30, 2016, 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 9, 2017.

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 9, 2017

HAMILTON COUNTY, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended September 30, 2016

Federal/State Agency Pass through Entity <u>Federal Program/State Project</u>	CFDA / CSFA <u>Number</u>	Grant/Contract <u>Number</u>	Award <u>Amount</u>	Beginning Balance <u>10/1/2016</u>	<u>Revenue</u>	<u>Expenditures</u>	Transfers to Subrecipients	Ending Balance <u>9/30/2016</u>
Federal Financial Assistance								
Department of Housing and Urban Development								
Florida Department of Economic Opportunity								
Community Development Block Grant	14.228	15DB-OJ-03-34-01-H16	\$ 700,000	\$ -	\$ 11,629	\$ 11,629	\$ -	\$ -
Department of Homeland Security								
Florida Division of Emergency Management								
Emergency Management Performance Grants	97.042	17-BG-83-03-34-01-030	43,734	-	43,685	43,685	-	-
Emergency Management Performance Grants	97.042	17-FG-P9-03-34-01-097	43,734	-	24,269	24,269	-	-
United States Department of Health and Human Services								
Florida Department of Revenue								
Child Support Enforcement	93.563	COC24	186,858	-	186,858	186,858	-	-
Election Assistance Commission								
Florida Department of State								
Help America Vote Act	93.617	2015-2016-0004	4,410	-	4,410	4,410	-	-
Help America Vote Act	90.401	2015-2016-001,2,3,4	19,778	2,002	19,778	17,337	-	4,443
United States Department of Justice								
Florida Department of Law Enforcement								
Byrne JAG Program	16.738	2016-JAGC-HAMI-1-H3-118	<u>34,558</u>	<u>-</u>	<u>34,558</u>	<u>34,558</u>	<u>-</u>	<u>-</u>
Total federal assistance			<u>1,033,072</u>	<u>2,002</u>	<u>325,187</u>	<u>322,746</u>	<u>-</u>	<u>4,443</u>
State Financial Assistance								
Executive Office of the Governor								
Division of Emergency Management								
Emergency Management Programs	31.063	16-BG-83-03-34-01-023	105,806	-	65,897	65,897	-	-
Emergency Management Programs	31.063	17-BG-83-03-34-01-030	<u>105,806</u>	<u>-</u>	<u>7,004</u>	<u>7,004</u>	<u>-</u>	<u>-</u>
Total Emergency Management Programs	31.063		<u>211,612</u>	<u>-</u>	<u>72,901</u>	<u>72,901</u>	<u>-</u>	<u>-</u>
Office of the State Courts Administrator								
Facilities Grant In Aid	22.004	Specific Appropriation 3247A	<u>-</u>	<u>193,495</u>	<u>1,911</u>	<u>1,911</u>	<u>-</u>	<u>191,584</u>
Department of Economic Opportunity								
Visionary Grant	40.038	P0158	<u>25,000</u>	<u>25,000</u>	<u>24,000</u>	<u>24,000</u>	<u>-</u>	<u>-</u>

(Continued)
See notes to schedule.

HAMILTON COUNTY, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended September 30, 2016

Federal/State Agency Pass through Entity <u>Federal Program/State Project</u>	CFDA / CSFA <u>Number</u>	Grant/Contract <u>Number</u>	Award <u>Amount</u>	Beginning Balance <u>10/1/2016</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>	Ending Balance <u>9/30/2016</u>
Florida Department of Transportation								
County Incentive Grant Program	55.008	430742-1-58-01	\$ 1,021,609	\$ -	\$ 4,155	\$ 4,155	\$ -	\$ -
Vendor Agreement	-	436995-1-54-01	2,135,000	-	78,725	78,725	-	-
Small County Outreach Program	55.009	434570-1-58-01/55.009	1,554,000	-	11,700	11,700	-	-
Small County Outreach Program	55.009	437259-1-54-01/55.009	268,544	-	232,060.00	232,060.00	-	-
Small County Outreach Program	55.009	437261-1-54-01/55.009	130,899	-	112,899.00	112,899.00	-	-
Small County Outreach Program	55.009	437235-1-54-01/55.009	219,679	-	144,716.00	144,716.00	-	-
Small County Outreach Program	55.009	433030-1-58-01/55.009	714,000	-	677,584.00	677,584.00	-	-
Small County Outreach Program	55.009	432780-1-54-01/55.009	1,420,698	-	90,075.00	90,075.00	-	-
Small County Outreach Program	55.009	430697-1-58-01/55.009	3,780,965	-	8,023.00	8,023.00	-	-
Total Small County Outreach Program			8,088,785	-	1,277,057	1,277,057	-	-
Florida Housing Finance Corporation								
State Housing Initiatives Partnership (SHIP) Program	40.901	-	350,000	16,699	350,000	638,622	-	-
Florida Department of Management Services								
Wireless 911 Emergency Telephone System	72.001	15-10-9	17,240	-	17,240	17,240	-	-
Wireless 911 Emergency Telephone System	72.001	16-04-10	17,250	-	17,250	17,250	-	-
Wireless 911 Emergency Telephone System	72.001	15-10-8	36,030	-	36,030	36,030	-	-
			70,520	-	70,520	70,520	-	-
Florida Department of Environmental Protection								
Small County Consolidated Grants	37.012	SC613	90,909	-	90,909	90,909	-	-
Florida Department of State and Secretary of State								
State Aid to Libraries	45.030	16-ST-83	282,338	-	282,338	282,338	-	-
Total state financial assistance			12,275,773	235,194	2,252,516	2,541,138	-	191,584
Total financial assistance			\$ 13,308,845	\$ 237,196	\$ 2,577,703	\$ 2,863,884	\$ -	\$ 196,027

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, 2016. 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.

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.

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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

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

To the Honorable Board of County Commissioners
Hamilton County, Florida

Report on Compliance for Each Major State Project

I have audited Hamilton County, Florida's compliance with the types of compliance requirements described in the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the Hamilton County, Florida's major state projects for the year ended September 30, 2016. 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 federal program and 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, 2016.

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 and 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 federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 9, 2017

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

For the Year Ended September 30, 2016

SUMMARY OF AUDITOR'S RESULTS

<u>Financial Statements</u>	
Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No
<u>State Projects</u>	
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major projects:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.557?	No
Identification of major state projects:	State CSFA No.
State of Florida, Department of Transportation Small County Outreach Program	55.009
State of Florida, Florida Housing Finance Corporation State Housing Initiatives Partnership (SHIP) Program	40.901
Dollar threshold used to distinguish between Type A and Type B programs – State Projects:	\$300,000
Auditee qualified as low-risk pursuant to the Uniform Guidance (not applicable for State projects)	N/A
Findings – Financial Statements	
Finding Number	Finding
None	-
Findings and Questioned Costs – Major State Projects	
Finding Number	Finding
None	-

Other Issues

Summary Schedule of Prior Year Audit Findings

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

Corrective Action Plan

No Corrective Action Plan is required because there findings required to be reported under *Rules of the Auditor General* 10.557.

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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

INDEPENDENT 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, 2016. 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, 2016.



Kenneth M. Daniels
Certified Public Accountant
June 9, 2017

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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

INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Board of County Commissioners
Hamilton County, Florida

I have examined Hamilton County, Florida's compliance with *Florida Statutes* 365.172(10) and 365.173(2)(d) during the period ended September 30, 2016. 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, 2016.



Kenneth M. Daniels
Certified Public Accountant
June 9, 2017

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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

MANAGEMENT LETTER

To the Honorable Board of County Commissioners
Hamilton County, Florida

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, 2016, and have issued my report thereon dated June 9, 2017.

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 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; Independent Auditor's Report on Compliance for Each Major State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs, and Independent Accountant's Reports 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 9, 2017, 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.

All prior year findings were cleared.

Current year audit findings

2016-001 Land Use Fees

Criteria: Payment for land use fees should be made in accordance with the Task Order for Land Use Planning Services.

Condition: Due to the vendor billing across fiscal years and lack of agreement of fees to receipts upon which they are billed, the County recorded amounts owed, above the actual amount, of \$2,275.

Context: The excess was discovered during the review of payables and vouching of associated invoices. The focus of the audit procedures was the new agreement in which payment was based on a portion of cash receipts collected.

Effect: Over/underpayment to vendor could occur based on the incorrect recording of amounts due.

Cause: The incorrect recording of amount owed is an isolated event.

Recommendation: Request that vendor bill quarterly. The County's finance department should agree cash receipts and corresponding fee to the amounts billed.

2016-002 CDBG Unreimbursed Costs

Criteria: Costs associated with the County's CDBG Grant cannot be claimed for reimbursement prior to the grant's execution date.

Condition: Amounts totaling \$20,931 were discovered as unreimbursable (incurred prior to the final date of execution) under the grant.

Context: All CDBG grant-related disbursements were reviewed. No other amounts other than those identified were noted as being unreimbursable.

Effect: Submission/payment of grant expenditures incurred prior to the grant's execution date could lead to future disallowed costs.

Cause: Disallowed costs were isolated and occurred only at grant's beginning prior to grant execution by all parties.

Recommendation: Review all future grant expenditures to ensure that the amounts incurred are within the period of performance.

2016-003 Property Inventory

Criteria: Property records and annual inventory should be maintained/taken in accordance with the Florida Administrative Code 69I-73.003.

Condition: Physical inventory of assets was not taken for the year ending September 30, 2016.

Context: Capital asset balances were determined via prior year amounts, additions identified during the audit of capital expenditures, and deletions based on capital assets disposed as indicated in the audit of revenues, minutes and management representations.

Effect: Noncompliance with the above Code and possible unrecorded, missing, or obsolete assets.

Cause: Failure to provide annual inventory listing by Department to Department Heads for inventory process.

Recommendation: Inventory assets on an annual basis and provide inventory to County Manager and/or Commission for review and approval.

2016-004 SHIP EXPENDITURES/ANNUAL REPORT/ADMINISTRATIVE FEES

Criteria:

1. Documentation ensuring compliance with the County's Local Housing Assistance Plan (LHAP) for all SHIP expenditures should be maintained in the applicant/recipient's file.
2. The County's SHIP Annual Report should be reconciled to the County's general ledger in accordance with FAC 67-37.008(3)(f).
3. Per Exhibit A of the LHAP, administrative expenses are limited to \$35,000 annually.

Condition: Of the fifty disbursements/twenty-two files tested the following errors were noted:

1. Twelve files representing twenty-one disbursements did not contain verification of income
2. Three files representing six disbursements did not contain payment authorizations
3. Four files were not provided for testing
4. \$650 in moving cost not allowed under the County's LHAP
5. Two files/disbursements, due to change orders, did not have the correct job cost listed
6. Thirteen instances in which the completed project was not approved by the homeowner

Per review of the County's SHIP Annual Report, I could find no evidence that the report had been agreed to the SHIP Fund's general ledger.

The LHAP limits the administrative costs incurred by the SHIP Program to \$35,000 annually (See Exhibit A of the LHAP.)

Context:

Of the SHIP Fund's total expenditures of \$502,817, \$427,240 was tested representing fifty disbursements and twenty-two unique recipient files.

The County's annual report was reviewed for agreement to the related expenditures adjusted for timing differences between the report's date June 30 and the County's fiscal year of September 30.

The administrative costs incurred were compared to the allowable amounts as indicated in the LHAP.

Effect: 1. SHIP expenditures - potential disallowed costs. 2. Annual report – incorrectly reported expenditures. 3. Administrative fees in excess of the allowable amount.

Cause: 1. SHIP Expenditures - lack of monitoring the SHIP Program by County Management 2. Annual report – failure to reconcile the reported amounts to the County’s general ledger. 3. Administrative fees – lack of monitoring of the SHIP Program by County Management.

Recommendation:

1. SHIP expenditures - the County should monitor the SHIP Program’s files on a periodic basis – possibly requiring file submission for review prior to payments being made.
2. Annual report – amounts reported on the SHIP Annual Report should be derived from the County’s general ledger for the SHIP Fund and reconciliation performed to ensure proper reporting.
3. Administrative fees – costs should be monitored and excess amounts should be disallowed or paid from a separate source of funds (General Fund).

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. and 10.556(7), *Rules of the Auditor General*, requires that I apply appropriate procedures and report the results of my determination as to whether or not 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 Hamilton County’s financial condition, and my financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment was performed as of September 30, 2016.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), *Rules of the Auditor General*, requires that I apply appropriate procedures and report the results of my determination as to whether the annual financial report for Hamilton County, Florida, for the fiscal year ended September 30, 2016, 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, 2016. 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 Board 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 9, 2017

**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
WILLIAM MITCHELL
District 5 - Jasper



Office of
Board Of County Commissioners

GREG GODWIN
Clerk of Courts
JOHN H. McCORMICK
County Attorney

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

June 13, 2017

Kenneth M. Daniels, CPA
107 2nd Ave SE
Jasper, FL 32052

In Re: 2016 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 Hamilton County Board of County Commissioners for the fiscal year ending September 30, 2016, and respond herein to the findings:

As to *Management Letter*, Section II Page 66, Current year audit findings, Finding Number 2016-001
Land Use Fees

Hamilton County Board of County Commissioners respectfully submits the following corrective action plan for the year ended September 30, 2016.

The vendor will bill the County for their earned fees at least on a quarterly basis. The Finance Department will review the quarterly invoice prior to payment to ensure accuracy, as well as maintain a reconciliation worksheet of the cash receipts and corresponding fees paid to the vendor.

As to *Management Letter*, Section II Page 66, Current year audit findings, Finding Number 2016-002
CDBG Unreimbursed Costs

Hamilton County Board of County Commissioners respectfully submits the following corrective action plan for the year ended September 30, 2016.

The Finance Department staff will review all future grant expenditures to ensure that the amounts incurred are within the period of performance.

As to *Management Letter*, Section II Page 66, Current year audit findings, Finding Number 2016-003
Property Inventory

Hamilton County Board of County Commissioners respectfully submits the following corrective action plan for the year ended September 30, 2016.

The Finance Department will provide the asset inventory report by Department to all Department Managers during the first quarter of the fiscal year. Each department manager will sign the property listing and provide documentation for disposals or transfers to other departments. This information will be sent to the County Coordinator for further review and compilation of the property disposal listing for approval by the Board of County Commissioners. The County Coordinator will forward all inventory reports and supporting documentation to the Finance Director.

As to *Management Letter*, Section II, Current year audit findings, Finding Number 2016-004 SHIP Expenditures

Hamilton County Board of County Commissioners respectfully submits the following corrective action plan for the year ended September 30, 2016.

The Contractor will update all files with the necessary documentation to be in compliance with the audit finding. BCC staff will provide periodic oversight of the SHIP records. The Finance Department will reconcile the SHIP annual report to the General Ledger prior to the Contractor's submission to the State of Florida. The Finance Department will monitor administrative costs to ensure they do not exceed \$35,000 per contract year.

Sincerely,



Bailey R. Ogburn, Sr.
Chairman
Hamilton County Board of County Commissioners



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

RO/GG/ra

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable Clerk of the Circuit Court
Hamilton County, Florida

Report on the 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, 2016, 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, 2016, 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, 2016, 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 9, 2017, 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 9, 2017

FINANCIAL STATEMENTS

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

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2016

	General Fund	Public Records Modernization Trust Fund	Fine & Forfeiture Fund	Total Governmental Funds
Assets				
Cash	\$ 96,919	\$ 16,892	\$ -	\$ 113,811
Accounts receivable	8	-	-	8
Due from other funds	-	-	5,451	5,451
Due from other governmental units				
State of Florida	<u>30,158</u>	<u>-</u>	<u>-</u>	<u>30,158</u>
Total assets	<u>\$ 127,085</u>	<u>\$ 16,892</u>	<u>\$ 5,451</u>	<u>\$ 149,428</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 83	\$ -	\$ 120	\$ 203
Due to other funds	-	5,451	-	5,451
Due to other governmental units				
Due to HCBCC - General Fund	126,648	-	-	126,648
Due to State of Florida	-	-	5,331	5,331
Other current liabilities	<u>354</u>	<u>-</u>	<u>-</u>	<u>354</u>
Total liabilities	<u>127,085</u>	<u>5,451</u>	<u>5,451</u>	<u>137,987</u>
Fund balances				
Restricted - public records modernization	<u>-</u>	<u>11,441</u>	<u>-</u>	<u>11,441</u>
Total liabilities and fund balances	<u>\$ 127,085</u>	<u>\$ 16,892</u>	<u>\$ 5,451</u>	<u>\$ 149,428</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, 2016

	<u>General Fund</u>	<u>Public Records Modernization Trust Fund</u>	<u>Fine & Forfeiture Fund</u>	<u>Total Governmental Funds</u>
Revenues				
Intergovernmental revenue				
Federal grant	\$ 186,858	\$ -	\$ -	\$ 186,858
State shared (JAC)	-	-	29,180	29,180
Charges for services				
General government	36,644	16,396	-	53,040
Court related	-	-	212,315	212,315
Fines and forfeits				
Fines	-	29,700	96,525	126,225
Miscellaneous				
Interest	1,264	-	179	1,443
Other miscellaneous	<u>22,102</u>	<u>-</u>	<u>1</u>	<u>22,103</u>
Total revenues	<u>246,868</u>	<u>46,096</u>	<u>338,200</u>	<u>631,164</u>
Expenditures				
Current				
General government				
Financial and administrative				
Personal services	345,152	-	-	345,152
Operating expenditures	42,434	-	-	42,434
Other general governmental services				
Personal services	37,212	-	-	37,212
Operating expenditures	16,755	32,373	-	49,128
Court related expenditures				
General administration				
Clerk of Court administration				
Personal services	-	-	128,770	128,770
Operating expenditures	-	-	4,715	4,715
Jury management				
Personal services	-	-	3,522	3,522
Operating expenditures	-	-	7,881	7,881
Circuit Court - Criminal				
Clerk of Court				
Personal services	-	-	57,698	57,698
Operating expenditures	-	-	3,444	3,444
Circuit Court - Civil				
Clerk of Court				
Personal services	-	-	36,944	36,944
Operating expenditures	-	-	3,415	3,415
Circuit Court - Family				
Clerk of Court				
Personal services	-	-	18,484	18,484
Operating expenditures	-	-	1,198	1,198
Circuit Court - Juvenile				
Clerk of Court				
Personal services	-	-	17,250	17,250
Operating expenditures	-	-	1,072	1,072

(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, 2016

	<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	\$ -	\$ -	\$ 10,110	\$ 10,110
Operating expenditures	-	-	689	689
County Court - Criminal				
Clerk of Court				
Personal services	-	-	52,891	52,891
Operating expenditures	-	-	2,902	2,902
County Court - Civil				
Clerk of Court				
Personal services	-	-	24,332	24,332
Operating expenditures	-	-	1,503	1,503
County Court - Traffic				
Clerk of Court				
Personal services	-	-	70,630	70,630
Operating expenditures	-	-	3,901	3,901
Capital outlay				
General government				
Financial and administrative	1,220	-	-	1,220
Other general governmental services	<u>-</u>	<u>6,231</u>	<u>-</u>	<u>6,231</u>
Total expenditures	<u>442,773</u>	<u>38,604</u>	<u>451,351</u>	<u>932,728</u>
Excess (deficiency) of revenues over expenditures	<u>(195,905)</u>	<u>7,492</u>	<u>(113,151)</u>	<u>(301,564)</u>
Other financing sources in (out)				
Interfund transfer HCBCC	228,103	-	-	228,103
Interfund transfer Clerk's F&F	<u>(32,198)</u>	<u>(80,953)</u>	<u>113,151</u>	<u>-</u>
Net other financing sources in (out)	<u>195,905</u>	<u>(80,953)</u>	<u>113,151</u>	<u>228,103</u>
Net change in fund balances	-	(73,461)	-	(73,461)
Fund balances at beginning of year	<u>-</u>	<u>84,902</u>	<u>-</u>	<u>84,902</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 11,441</u>	<u>\$ -</u>	<u>\$ 11,441</u>

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

**STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS**

September 30, 2016

Assets	
Cash	\$ 598,098
Due from other funds	339
Due from State of Florida	<u>339</u>
Total assets	<u>\$ 598,776</u>
Liabilities and net position	
Due to other funds	
Clerk's Trust	\$ 339
Due to other governmental units	
HCBCC	18,244
State of Florida	219,119
Municipalities	2,422
Hamilton County School Board	1,000
Due to others	
Deposits	154,158
Due to individuals/others	10,914
Interest payable	126
Cash bond liability	<u>192,454</u>
Total liabilities	<u>598,776</u>
Net position	<u>\$ -</u>

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

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, \$14,845 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, 2016, the Clerk was owed the following amounts:

Fund	State of <u>Florida</u>	<u>Description</u>
General	<u>\$ 30,158</u>	Child Support Enforcement Grant

E. Inventories

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

F. Capital Assets

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

G. Due to Other Governments

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

At September 30, 2016, this balance was \$5,331 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. FLORIDA RETIREMENT SYSTEM (FRS) - DEFINED BENEFIT PENSION PLAN

See Note 12 at Section II.

NOTE 3. INTERFUND BALANCES AND TRANSFERS

Transfers from the Hamilton County Board of County Commissioners at September 30, 2016, into the Clerk's General Fund are as follows:

Interfund balances and Activity

Due (to)/from other funds

Public Records Modernization Trust	\$	(5,451)	Deficit funding
Fine & Forfeiture		5,451	See above.

Budgetary transfers from BCC

General Fund	<u>\$</u>	<u>228,103</u>	Budgeted transfers
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Transfer from/(to)

Clerk's General Fund	\$	(32,198)	Deficit funding
Public Records Modernization Trust		(80,953)	See above.
Fine & Forfeiture		113,151	See above.

REQUIRED SUPPLEMENTARY INFORMATION

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

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenue				
Federal grant	\$ 160,000	\$ 160,000	\$ 186,858	\$ 26,858
Charges for services				
General government	31,300	31,300	36,644	5,344
Miscellaneous				
Interest	200	200	1,264	1,064
Other miscellaneous	<u>13,500</u>	<u>13,500</u>	<u>22,102</u>	<u>8,602</u>
Total revenues	<u>205,000</u>	<u>205,000</u>	<u>246,868</u>	<u>41,868</u>
Expenditures				
General government				
Financial and administrative				
Personal services	345,137	345,137	345,152	(15)
Operating expenditures	39,416	39,416	42,434	(3,018)
Capital outlay	<u>1,200</u>	<u>1,200</u>	<u>1,220</u>	<u>(20)</u>
Total financial and administrative	<u>385,753</u>	<u>385,753</u>	<u>388,806</u>	<u>(3,053)</u>
Other general government services				
Personal services	36,913	36,913	37,212	(299)
Operating expenditures	37,085	37,085	16,755	20,330
Capital outlay	-	-	-	-
Other uses	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total financial and administrative	<u>173,998</u>	<u>173,998</u>	<u>53,967</u>	<u>120,031</u>
Total expenditures	<u>559,751</u>	<u>559,751</u>	<u>442,773</u>	<u>116,978</u>
Excess (deficiency) of revenues over expenditures	<u>(354,751)</u>	<u>(354,751)</u>	<u>(195,905)</u>	<u>158,846</u>
Other financing sources (uses)				
Interfund transfer in - HCBCC	354,751	354,751	228,103	(126,648)
Interfund transfer in - Clerk's F&F	<u>-</u>	<u>-</u>	<u>(32,198)</u>	<u>(32,198)</u>
Total other financing sources (uses)	<u>354,751</u>	<u>354,751</u>	<u>195,905</u>	<u>(158,846)</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, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Budgetary fund balance, beginning	\$ -	\$ -	\$ 84,902	\$ 84,902
Resources (inflows)				
Charges for services				
General government	16,400	16,400	16,396	(4)
Judgments, fines, and forfeits				
Fines	42,060	42,060	29,700	(12,360)
Miscellaneous revenues				
Interest	-	-	-	-
Total amounts available for appropriation	<u>\$ 58,460</u>	<u>\$ 58,460</u>	<u>\$ 130,998</u>	<u>\$ 72,538</u>
Charges to appropriations (outflows)				
General government				
Operating expenditures	\$ -	\$ -	\$ 32,373	\$ (32,373)
Capital outlay	-	-	6,231	(6,231)
Other uses	<u>58,460</u>	<u>58,460</u>	<u>80,953</u>	<u>(22,493)</u>
Total general government	58,460	58,460	119,557	(61,097)
Budgeted/ending reserves	-	-	11,441	(11,441)
Total appropriations and reserves	<u>\$ 58,460</u>	<u>\$ 58,460</u>	<u>\$ 130,998</u>	<u>\$ (72,538)</u>

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

BUDGETARY COMPARISON SCHEDULE - FINE AND FORFEITURE FUND

For the Year Ended September 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenue				
General government	\$ 70,897	\$ 70,897	\$ 29,180	\$ (41,717)
Charges for services				
Court related	192,000	192,000	212,315	20,315
Judgments, fines, and forfeits				
Fines	130,000	130,000	96,525	(33,475)
Miscellaneous				
Interest	130	130	179	49
Other miscellaneous	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Total revenues	<u>393,027</u>	<u>393,027</u>	<u>338,200</u>	<u>(54,827)</u>
Expenditures				
Court related expenditures				
General administration				
Clerk of Court administration				
Personal services	128,581	128,581	128,770	(189)
Operating expenditures	8,500	8,500	4,715	3,785
Jury management				
Personal services	3,496	3,496	3,522	(26)
Operating expenditures	6,000	6,000	7,881	(1,881)
Circuit Court - Criminal				
Clerk of Court				
Personal services	57,615	57,615	57,698	(83)
Operating expenditures	2,500	2,500	3,444	(944)
Circuit Court - Civil				
Clerk of Court				
Personal services	37,557	37,557	36,944	613
Operating expenditures	3,000	3,000	3,415	(415)
Circuit Court - Family				
Clerk of Court				
Personal services	18,466	18,466	18,484	(18)
Operating expenditures	1,042	1,042	1,198	(156)
Circuit Court - Juvenile				
Clerk of Court				
Personal services	18,072	18,072	17,250	822
Operating expenditures	800	800	1,072	(272)
Circuit Court - Probate				
Clerk of Court				
Personal services	10,506	10,506	10,110	396
Operating expenditures	515	515	689	(174)

(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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures - Court related (continued)				
County Court - Criminal				
Clerk of Court				
Personal services	\$ 52,920	\$ 52,920	\$ 52,891	\$ 29
Operating expenditures	2,500	2,500	2,902	(402)
County Court - Civil				
Clerk of Court				
Personal services	24,857	24,857	24,332	525
Operating expenditures	1,000	1,000	1,503	(503)
County Court - Traffic				
Clerk of Court				
Personal services	70,560	70,560	70,630	(70)
Operating expenditures	<u>3,000</u>	<u>3,000</u>	<u>3,901</u>	<u>(901)</u>
Total expenditures	<u>451,487</u>	<u>451,487</u>	<u>451,351</u>	<u>136</u>
Excess (deficiency) of revenues over expenditures	(58,460)	(58,460)	(113,151)	(54,691)
Other financing sources (uses)				
Interfund transfer in	<u>58,460</u>	<u>58,460</u>	<u>113,151</u>	<u>54,691</u>
Net change in fund balance	-	-	-	-
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

NOTES TO BUDGETARY COMPARISON SCHEDULES

September 30, 2016

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, 2016.

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

Sources/inflows of resources	Public Records Modernization <u>Fund</u>	
Financial statement major funds		
Total amounts available for appropriation	\$	130,998
Adjustments		
Budgetary fund balances are available for appropriation but are not considered revenue for GAAP reporting		<u>(84,902)</u>
Total revenues reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$	<u>46,096</u>

NOTE 3. EXPENDITURES IN EXCESS OF APPROPRIATIONS

Contrary to the *Florida Statutes* referenced in Note 1, the Clerk’s Public Records Modernization Trust Fund’s expenditures exceeded its appropriations.

SUPPLEMENTARY INFORMATION

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

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

September 30, 2016

	Agency Funds				
	Registry of Courts	Bond Estreatures	Clerk's Trust	Child Support	Totals
Assets					
Cash	\$ 39,396	\$ 192,454	\$ 366,248	\$ -	\$ 598,098
Due from other funds	-	-	339	-	339
Due from State of Florida	-	-	-	339	339
Total assets	<u>\$ 39,396</u>	<u>\$ 192,454</u>	<u>\$ 366,587</u>	<u>\$ 339</u>	<u>\$ 598,776</u>
Liabilities and net position					
Due to other funds					
Clerk's Trust	\$ -	\$ -	\$ -	\$ 339	\$ 339
Due to other governmental units					
HCBCC	-	-	18,244	-	18,244
State of Florida	-	-	219,119	-	219,119
Municipalities	-	-	2,422	-	2,422
Hamilton County School Board	-	-	1,000	-	1,000
Due to others					
Deposits	39,270	-	114,888	-	154,158
Due to individuals/others	-	-	10,914	-	10,914
Interest payable	126	-	-	-	126
Cash bond liability	-	192,454	-	-	192,454
Total liabilities	<u>39,396</u>	<u>192,454</u>	<u>366,587</u>	<u>339</u>	<u>598,776</u>
Net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COMPLIANCE SECTION

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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

**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, 2016, 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 9, 2017.

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 9, 2017

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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

INDEPENDENT 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, 2016. 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, 2016.



Kenneth M. Daniels
Certified Public Accountant
June 9, 2017

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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

INDEPENDENT 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, 2016. 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, 2016.



Kenneth M. Daniels
Certified Public Accountant
June 9, 2017

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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

INDEPENDENT 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* 61.181 during the period ended September 30, 2016. 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, 2016.



Kenneth M. Daniels
Certified Public Accountant
June 9, 2017

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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

MANAGEMENT LETTER

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

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, 2016, and have issued my report thereon dated June 9, 2017.

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 Reports on examinations 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 9, 2017, 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 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 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 Board of County Commissioners, 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 9, 2017

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable Property Appraiser
Hamilton County, Florida

Report on the 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, 2016, 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, 2016, 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, 2016, 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 9, 2017, 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.

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

Kenneth M. Daniels
Certified Public Accountant
June 9, 2017

FINANCIAL STATEMENTS

**HAMILTON COUNTY, FLORIDA
PROPERTY APPRAISER**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2016

General Fund

Assets

Cash

\$ 69,662

Liabilities, deferred inflows of resources, and fund balance

Liabilities

Due to other governmental units

Hamilton County Board of County Commissioners

69,662

Fund balance - unassigned

-

Total liabilities, deferred inflows, and fund balance

\$ 69,662

**HAMILTON COUNTY, FLORIDA
PROPERTY APPRAISER**

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

For the Year Ended September 30, 2016

	<u>General Fund</u>
Expenditures	
General Government Services	
Personal services	
Executive salaries	\$ 97,377
Regular salaries	230,693
FICA taxes	23,283
Retirement - official	12,569
Retirement employees	12,206
Retirement DROP	8,268
Life and health insurance	<u>63,358</u>
Total personal services	<u>447,754</u>
 Operating expenditures	
Professional services - appraisals	31,731
Professional services - legal	2,776
Professional services - appraisals	11,000
Travel	2,836
Communications	4,972
Postage	3,896
Freight	500
Rentals and leases	2,160
Repair and maintenance	34,602
Repair and maintenance - vehicle	1,688
Repair and maintenance - office equipment	762
Other current charges	3,238
Other current charges - ads	642

(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, 2016

	<u>General Fund</u>
(Operating expenditures continued)	
Office supplies	\$ 12,137
Data processing	9,800
Books and memberships	2,064
Association dues	<u>5,147</u>
Total operating expenditures	<u>129,951</u>
 Capital outlay	
Equipment	<u>8,366</u>
 Total expenditures	<u>586,071</u>
 Excess (deficiency) of revenues over expenditures	<u>(586,071)</u>
 Other financing sources (uses)	
Interfund transfers - HCBCC	<u>586,071</u>
 Net change in fund balance	-
 Fund balance at beginning of year	<u>-</u>
Fund balance at end of year	<u><u>\$ -</u></u>

**HAMILTON COUNTY, FLORIDA
PROPERTY APPRAISER**

**STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND**

September 30, 2016

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

**HAMILTON COUNTY, FLORIDA
PROPERTY APPRAISER**

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

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.

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. FLORIDA RETIRMENT SYSTEM (FRS) - 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, 2016, were as follows:

<u>\$586,071</u>	Budgetary transfers
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REQUIRED SUPPLEMENTARY INFORMATION

**HAMILTON COUNTY, FLORIDA
PROPERTY APPRAISER**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Charges for services				
County officer fees	\$ -	\$ -	\$ -	\$ -
Expenditures				
General Government Services				
Personal services	454,362	454,362	447,754	6,608
Operating expenditures	173,501	164,001	129,951	34,050
Capital Outlay	-	9,500	8,366	1,134
Other uses	<u>12,796</u>	<u>12,796</u>	<u>-</u>	<u>12,796</u>
Total expenditures	<u>640,659</u>	<u>640,659</u>	<u>586,071</u>	<u>54,588</u>
Excess (deficiency) of revenues over expenditures	<u>(640,659)</u>	<u>(640,659)</u>	<u>(586,071)</u>	<u>54,588</u>
Other financing sources (uses)				
Transfers from HCBCC General Fund	<u>640,659</u>	<u>640,659</u>	<u>586,071</u>	<u>(54,588)</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
PROPERTY APPRAISER**

NOTES TO BUDGETARY COMPARISON SCHEDULE

September 30, 2016

NOTE 1. BUDGET

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

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

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

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

The Property Appraiser made one supplemental budgetary amendment during the year ended September 30, 2016.

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

COMPLIANCE SECTION

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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

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

To the Honorable 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, 2016, 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 9, 2017.

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.

A handwritten signature in black ink, appearing to read 'Ken M Daniels', is positioned above the printed name.

Kenneth M. Daniels
Certified Public Accountant
June 9, 2017

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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

INDEPENDENT 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, 2016. 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, 2016.



Kenneth M. Daniels
Certified Public Accountant
June 9, 2017

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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

MANAGEMENT LETTER

The Honorable Property Appraiser
Hamilton County, Florida

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, 2016, and have issued my report thereon dated June 9, 2017.

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 9, 2017, 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

The 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 Board of County Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read 'Ken M. Daniels', is positioned above the printed name.

Kenneth M. Daniels
Certified Public Accountant
June 9, 2017

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable Sheriff
Hamilton County, Florida

Report on the 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, 2016, 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, 2016, 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, 2016, 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 9, 2017, 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 9, 2017

FINANCIAL STATEMENTS

**HAMILTON COUNTY, FLORIDA
SHERIFF**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2016

	General <u>Fund</u>	Inmate Welfare <u>Fund</u>	911 Communications <u>Fund</u>	Emergency Management <u>Fund</u>	Total Governmental <u>Funds</u>
Assets					
Current assets					
Cash	\$ 3,165	\$ 106,741	\$ 461,595	\$ -	\$ 571,501
Accounts receivable	195	3,332	-	31	3,558
Interfund receivables					
Emergency Management Fund	31,304	-	-	-	31,304
Due from other governmental units					
HCBCC	1,356	-	-	-	1,356
State of Florida	-	-	-	31,273	31,273
Prepaid items	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,000</u>
Total assets	<u><u>\$ 116,020</u></u>	<u><u>\$ 110,073</u></u>	<u><u>\$ 461,595</u></u>	<u><u>\$ 31,304</u></u>	<u><u>\$ 718,992</u></u>
Liabilities and Fund Balances					
Liabilities					
Current liabilities					
Accounts payable	\$ 465	\$ -	\$ -	\$ -	\$ 465
Interfund payables					
General Fund	-	-	-	31,304	31,304
Due to other governmental units					
HCBCC - General Fund	115,488	-	-	-	115,488
Other current liabilities	<u>67</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>67</u>
Total liabilities	<u><u>116,020</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>31,304</u></u>	<u><u>147,324</u></u>
Fund balances					
Restricted for:					
Other purposes	<u>-</u>	<u>110,073</u>	<u>461,595</u>	<u>-</u>	<u>571,668</u>
Total liabilities and fund balances	<u><u>\$ 116,020</u></u>	<u><u>\$ 110,073</u></u>	<u><u>\$ 461,595</u></u>	<u><u>\$ 31,304</u></u>	<u><u>\$ 718,992</u></u>

**HAMILTON COUNTY, FLORIDA
SHERIFF**

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

For the Year Ended September 30, 2016

	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	\$ -	\$ -	\$ 70,520	\$ 140,855	\$ 211,375
Charges for services	-	48,126	112,711	-	160,837
Fines and forfeits	-	118	-	-	118
Interest	-	126	540	-	666
Miscellaneous revenues	<u>148,047</u>	<u>-</u>	<u>-</u>	<u>1,945</u>	<u>149,992</u>
Total revenues	<u>148,047</u>	<u>48,370</u>	<u>183,771</u>	<u>142,800</u>	<u>522,988</u>
Expenditures					
Current					
Public safety					
Law enforcement					
Personal services	1,647,035	-	-	-	1,647,035
Operating expenditures	436,348	-	-	-	436,348
Corrections					
Personal services	1,694,012	-	-	-	1,694,012
Operating expenditures	458,644	35,321	-	-	493,965
Emergency services					
Emergency management					
Personal services	-	-	-	109,085	109,085
Operating expenditures	-	-	-	50,295	50,295
911 Mapping					
Operating expenditures	-	-	-	6,500	6,500
Emergency communications					
Personal services	497,316	-	-	-	497,316
Operating expenditures	14,894	-	141,718	-	156,612
Courts - General Operations					
Courthouse security					
Personal services	21,785	-	-	-	21,785
Operating expenditures	1,723	-	-	-	1,723
Capital outlay					
Public safety					
Law enforcement					
Capital outlay	101,203	-	-	-	101,203
Corrections					
Capital outlay	4,674	-	-	-	4,674

(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, 2016

	<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	\$ -	\$ -	\$ -	\$ 10,620	\$ 10,620
Emergency commx					
Capital outlay	<u>-</u>	<u>-</u>	<u>17,344</u>	<u>-</u>	<u>17,344</u>
Total expenditures	<u>4,877,634</u>	<u>35,321</u>	<u>159,062</u>	<u>176,500</u>	<u>5,248,517</u>
Excess (deficiency) of revenues over expenditures	(4,729,587)	13,049	24,709	(33,700)	(4,725,529)
Other financing sources (uses)					
Transfers - Sheriff Operating	-	-	-	-	-
Transfers in HCBCC	<u>4,729,587</u>	<u>-</u>	<u>-</u>	<u>33,700</u>	<u>4,763,287</u>
Total other financing sources (uses)	<u>4,729,587</u>	<u>-</u>	<u>-</u>	<u>33,700</u>	<u>4,763,287</u>
Net change in fund balances	-	13,049	24,709	-	37,758
Fund balances at beginning of year	<u>-</u>	<u>97,024</u>	<u>436,886</u>	<u>-</u>	<u>533,910</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 110,073</u>	<u>\$ 461,595</u>	<u>\$ -</u>	<u>\$ 571,668</u>

**HAMILTON COUNTY, FLORIDA
SHERIFF**

**STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS**

September 30, 2016

	<u>Agency Funds</u>
Assets	
Cash	\$ <u>6,798</u>
Liabilities	
Other current liabilities	
Due to others	<u>6,798</u>
Net position	\$ <u><u>-</u></u>

**HAMILTON COUNTY, FLORIDA
SHERIFF**

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

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, 2016, the Sheriff was owed the following amounts:

	<u>General Fund</u>	<u>Inmate Welfare Fund</u>	<u>Emergency Management Fund</u>	<u>Totals</u>
Accounts receivable - miscellaneous	\$ 195	\$ 3,332	\$ 31	\$ 3,558
HCBCC - fuel tax refund	1,356	-	-	1,356
State of Florida - grant payments	-	-	31,273	31,273
Totals	<u>\$ 1,551</u>	<u>\$ 3,332</u>	<u>\$ 31,304</u>	<u>\$ 36,187</u>

E. Prepaid items

Prepaid items consist of fuel purchased in advance by the Sheriff and not consumed by fiscal year end. The balance at September 30, 2016, is \$80,000.

F. 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.

G. 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.

H. 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. FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENEFIT 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	\$ 31,304	\$ -	Interfund loan to fund grant expenditures
Emergency Management Fund	-	31,304	Interfund loan to fund grant expenditures
Totals	<u>\$ 31,304</u>	<u>\$ 31,304</u>	

During the year ended September 30, 2016, the Hamilton County Board of County Commissioners made budgetary transfers (which include budgeted transfers of grant reimbursements) of \$4,729,587 to the Sheriff's General Fund and \$33,700 to the Emergency Management Fund for grant match and 911 Mapping.

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

NOTE 6. COMMITMENTS

The Sheriff has entered into the following agreements:

Food Service

The Sheriff has an agreement with Eagle Food Service, Inc., for the food services at the Hamilton County Jail. In March 2016, the Sheriff renewed the agreement for a two year period ending in March 2018.

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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Miscellaneous revenues	-	148,038	148,047	9
Total revenues	-	148,038	148,047	9
Expenditures				
Public safety				
Law enforcement				
Personal services	1,556,545	1,649,035	1,647,035	2,000
Operating expenditures	476,947	438,057	436,348	1,709
Capital outlay	-	105,500	101,203	4,297
Grants and aids	-	-	-	-
Other uses	10,000	-	-	-
Total law enforcement	2,043,492	2,192,592	2,184,586	8,006
Corrections				
Personal services	1,645,147	1,695,010	1,694,012	998
Operating expenditures	398,710	459,644	458,644	1,000
Capital outlay	-	11,000	4,674	6,326
Other uses	10,000	-	-	-
Total corrections	2,053,857	2,165,654	2,157,330	8,324
Emergency communications				
Personal services	517,837	499,315	497,316	1,999
Operating expenditures	15,000	16,819	14,894	1,925
Capital outlay	2,500	4,000	-	4,000
Total emergency communications	535,337	520,134	512,210	7,924
Total public safety	4,632,686	4,878,380	4,854,126	24,254
Courts - General Operations				
Courthouse security				
Personal services	29,676	22,000	21,785	215
Operating expenditures	1,750	1,800	1,723	77
Capital outlay	-	-	-	-
Total courthouse security	31,426	23,800	23,508	292
Total expenditures	4,664,112	4,902,180	4,877,634	24,546

(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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over expenditures	\$ (4,664,112)	\$ (4,754,142)	\$ (4,729,587)	\$ 24,555
Other financing sources (uses)				
Interfund transfers - Emerg Mgt.	-	-	-	-
Interfund transfers - HCBCC	<u>4,664,112</u>	<u>4,754,142</u>	<u>4,729,587</u>	<u>(24,555)</u>
Total other financing sources	<u>4,664,112</u>	<u>4,754,142</u>	<u>4,729,587</u>	<u>(24,555)</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, beginning	\$ 70,000	\$ 50,000	\$ 97,024	\$ 47,024
Revenues (inflows)				
Charges for services	26,500	48,127	48,126	(1)
Fines and forfeits	-	118	118	-
Interest	100	126	126	-
Miscellaneous revenues	-	-	-	-
Total amounts available for appropriation	<u>96,600</u>	<u>98,371</u>	<u>145,394</u>	<u>47,023</u>
Charges to appropriation (outflows)				
Corrections				
Operating expenditures	46,500	38,000	35,321	2,679
Capital outlay	20,000	40,000	-	40,000
Grants and aids	-	-	-	-
Other uses	-	20,371	-	20,371
Total charges to appropriations	<u>66,500</u>	<u>98,371</u>	<u>35,321</u>	<u>63,050</u>
Budgeted reserves	<u>30,100</u>	-	-	-
Total appropriations and reserves	<u>96,600</u>	<u>98,371</u>	<u>35,321</u>	<u>63,050</u>
Budgetary fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,073</u>	<u>\$ 110,073</u>

**HAMILTON COUNTY, FLORIDA
SHERIFF**

BUDGETARY COMPARISON SCHEDULE - 911 COMMUNICATIONS

For the Year Ended September 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, beginning	\$ 100,000	\$ 100,000	\$ 436,886	\$ 336,886
Resources (inflows)				
Intergovernmental	44,250	70,520	70,520	-
Charges for services	46,760	112,712	112,711	(1)
Interest	<u>2,500</u>	<u>540</u>	<u>540</u>	<u>-</u>
Total amounts available for appropriation	<u>193,510</u>	<u>283,772</u>	<u>620,657</u>	<u>336,885</u>
Charges to appropriations (outflows)				
Emergency communications				
Operating expenditures	65,500	155,000	141,718	13,282
Capital outlay	28,000	25,000	17,344	7,656
Other uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charges to appropriations	<u>93,500</u>	<u>180,000</u>	<u>159,062</u>	<u>20,938</u>
Budgeted reserves	<u>100,010</u>	<u>103,772</u>	<u>-</u>	<u>(103,772)</u>
Total appropriations and reserves	<u>193,510</u>	<u>283,772</u>	<u>159,062</u>	<u>124,710</u>
Budgetary fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 461,595</u>	<u>\$ 461,595</u>

**HAMILTON COUNTY, FLORIDA
SHERIFF**

BUDGETARY COMPARISON SCHEDULE - EMERGENCY MANAGEMENT FUND

For the Year Ended September 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 149,289	\$ 140,855	\$ 140,855	\$ -
Miscellaneous	-	1,945	1,945	-
Total amounts available for appropriation	149,289	142,800	142,800	-
Expenditures				
Emergency services				
Emergency management				
Personal services	122,479	109,085	109,085	-
Operating expenditures	44,381	50,295	50,295	-
Capital outlay	9,629	10,620	10,620	-
Total emergency management	176,489	170,000	170,000	-
911 Mapping				
Operating expenditures	4,000	6,500	6,500	-
Capital outlay	2,500	-	-	-
Total 911 mapping	6,500	6,500	6,500	-
Total expenditures	182,989	176,500	176,500	-
Excess (deficiency) of revenues over expenditures	(33,700)	(33,700)	(33,700)	-
Other financing sources				
Interfund transfer in - HCBCC	33,700	33,700	33,700	-
Interfund transfer in - Sheriff's General Fund	-	-	-	-
Interfund transfer out	-	-	-	-
Total other financing sources	33,700	33,700	33,700	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

**HAMILTON COUNTY, FLORIDA
SHERIFF**

NOTES TO BUDGETARY COMPARISON SCHEDULES

September 30, 2016

NOTE 1. BUDGET

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

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

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

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

	Inmate Welfare <u>Fund</u>	911 Communications <u>Fund</u>
Sources/inflows of resources		
Financial statement major funds		
Total amounts available for appropriation	\$ 145,394	\$ 620,657
Adjustments		
Budgetary fund balances are available for appropriation but are not considered revenue for GAAP reporting	<u>(97,024)</u>	<u>(436,886)</u>
Total revenues reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 48,370</u>	<u>\$ 183,771</u>

SUPPLEMENTARY INFORMATION

**HAMILTON COUNTY, FLORIDA
SHERIFF**

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

September 30, 2016

	<u>Agency Funds</u>		
	<u>Bond Trust</u>	<u>Inmate Trust</u>	<u>Totals</u>
Assets			
Cash	<u>\$ 160</u>	<u>\$ 6,638</u>	<u>\$ 6,798</u>
Liabilities			
Other current liabilities			
Due to individuals/others	<u> 160</u>	<u> 6,638</u>	<u> 6,798</u>
Total liabilities	<u> 160</u>	<u> 6,638</u>	<u> 6,798</u>
Net position	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

COMPLIANCE SECTION

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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

**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, 2016, 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 9, 2017.

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.

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

Kenneth M. Daniels
Certified Public Accountant
June 9, 2017

KENNETH M. DANIELS
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107 2nd Ave S.E.
Jasper, FL 32052

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

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, 2016. 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, 2016.



Kenneth M. Daniels
Certified Public Accountant
June 9, 2017

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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

MANAGEMENT LETTER

To the Honorable Sheriff
Hamilton County, Florida

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, 2016, and have issued my report thereon dated June 9, 2017.

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 9, 2017, 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.

A handwritten signature in black ink, appearing to read 'Ken M. Daniels', is positioned above the printed name.

Kenneth M. Daniels
Certified Public Accountant
June 9, 2017

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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Jasper, FL 32052

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Fax 386-792-1925
kmdcpa@windstream.net

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, 2016, 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, 2016, 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, 2016, 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 9, 2017, 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.

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

Kenneth M. Daniels
Certified Public Accountant
June 9, 2017

FINANCIAL STATEMENTS

**HAMILTON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2016

	<u>General Fund</u>
Assets	
Cash	\$ <u>4,882</u>
Liabilities, deferred inflows of resources, and fund balance	
Liabilities	
Accounts payable	\$ -
Due to other governmental units	
Hamilton County Board of County Commissioners (HCBCC)	<u>439</u>
Total liabilities	<u>439</u>
Deferred inflows of resources	
Deferred voter grant	<u>4,443</u>
Fund balance	
Unassigned	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	\$ <u>4,882</u>

**HAMILTON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

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

For the Year Ended September 30, 2016

	<u>General Fund</u>
Revenues	
Federal grants	
General government - voter education	\$ 21,746
Expenditures	
General Government Services	
Personal services	
Executive salaries	78,007
Regular salaries	38,323
Other salaries and wages - poll workers	15,927
Overtime	2,442
FICA taxes	8,460
Retirement	13,075
Life and health insurance	21,119
Total personal services	<u>177,353</u>
Operating expenditures	
Travel	2,028
Communications	5,434
Repair & maintenance	280
Other current charges	767
Other current charges	9,761
Other current charges	2,302
Other current charges	7,680
Other current charges	7,813
Other current charges	1,000
Office supplies	3,388
Total operating expenditures	<u>40,453</u>
Capital outlay	
Machinery and equipment	<u>-</u>
Total expenditures	<u>217,806</u>
Excess (deficiency) of revenues over expenditures	(196,060)
Other financing sources (uses)	
Interfund transfers HCBCC	210,126
Interfund transfers HCBCC	<u>(14,066)</u>
Total other financing sources (uses)	<u>196,060</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, 2016

Assets	
Cash	<u>\$ 10</u>
Liabilities	
Due to other governmental units	
Hamilton County Board of County Commissioners (HCBCC)	<u>10</u>
Net assets	<u><u>\$ -</u></u>

**HAMILTON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

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, \$10 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. FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENEFIT 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, 2016, due to the prepayment of the amount prior to being earned.

The deferred inflow of resources amount at September 30, 2016, was \$4,443.

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 \$210,126. The budgeted transfers were made in accordance with *Florida Statutes* 129.201.

The Supervisor of Elections' transferred \$14,066 to the Hamilton County Board of County Commissioners' General Fund for payment to Nationwide Capital LLC for the purchase of Digital Image Scanners with plastic ballot boxes and 4GB jump drives.

REQUIRED SUPPLEMENTARY INFORMATION

**HAMILTON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Federal grants				
General government - voter education	\$ -	\$ -	\$ 21,746	\$ 21,746
Expenditures				
General Government Services				
Personal services	171,765	171,765	177,353	(5,588)
Operating expenditures	44,452	44,452	40,453	3,999
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>218,717</u>	<u>218,717</u>	<u>217,806</u>	<u>911</u>
Excess (deficiency) of revenues over expenditures	<u>(218,717)</u>	<u>(218,717)</u>	<u>(196,060)</u>	<u>22,657</u>
Other financing sources (uses)				
Interfund transfers - HCBCC	218,717	218,717	210,126	(8,591)
Interfund transfers - HCBCC	<u>-</u>	<u>-</u>	<u>(14,066)</u>	<u>(14,066)</u>
Total other financing sources (uses)	<u>218,717</u>	<u>218,717</u>	<u>196,060</u>	<u>(22,657)</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, 2016

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, 2016.

NOTE 2. Budget Overexpenditure

Contrary to the legal level of budgetary control, the Supervisor expended \$5,588 greater than budgeted amount in the personal services, object classification.

COMPLIANCE SECTION

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

Phone 386-792-1906
Fax 386-792-1925
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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, 2016, 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 9, 2017.

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.

A handwritten signature in black ink, appearing to read 'Ken M. Daniels', is written over a light blue horizontal line.

Kenneth M. Daniels
Certified Public Accountant
June 9, 2017

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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, 2016. 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, 2016.



Kenneth M. Daniels
Certified Public Accountant
June 9, 2017

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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, 2016, and have issued my report thereon dated June 9, 2017.

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 9, 2017, 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 9, 2017

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable Tax Collector
Hamilton County, Florida

Report on the 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, 2016, 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, 2016, 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, 2016, 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 11-12 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 9, 2017, 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.

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

Kenneth M. Daniels
Certified Public Accountant
June 9, 2017

FINANCIAL STATEMENTS

**HAMILTON COUNTY, FLORIDA
TAX COLLECTOR**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2016

	<u>General Fund</u>
Assets	
Cash	\$ <u>17,032</u>
Liabilities and fund balance	
Liabilities	
Due to other governmental units	
Hamilton County Board of County Commissioners (HCBCC)	\$ 17,032
Fund balance - unassigned	<u>-</u>
Total liabilities and fund balance	\$ <u>17,032</u>

**HAMILTON COUNTY, FLORIDA
TAX COLLECTOR**

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

For the Year Ended September 30, 2016

	<u>General Fund</u>
Revenues	
Charges for services	
Delinquent tax fees	\$ 20,857
Motor vehicle fees	50,645
Sales tax fees	1,590
Fish and game fees	639
Driver's license fees	28,362
Miscellaneous fees	3,789
Tax commissions	288,134
Advertising fees	9,769
Miscellaneous revenues	
Interest	<u>122</u>
Total revenues	<u>403,907</u>
Expenditures	
General government services	
Personal services	
Executive salaries	97,377
Regular salaries	143,705
FICA taxes	18,130
Retirement - official	41,210
Retirement employees	7,103
Retirement employees - SMS	10,054
Life and health insurance	<u>42,297</u>
Total personal services	<u>359,876</u>
Operating expenditures	
Professional services	3,956
Other contractual	17,640
Travel	1,932
Communications	3,629
Postage	3,776
Repair and maintenance	2,647
Printing and binding	3,200
Other current charges	981
Other current charges - advertising	16,541
Office supplies	2,194
Data processing	21,767
Operating supplies	448

(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, 2016

	<u>General Fund</u>
Expenditures (continued)	
Association dues	\$ 2,175
Education	<u>538</u>
Total operating expenditures	<u>81,424</u>
 Capital outlay	
Equipment	<u>-</u>
Total expenditures	<u>441,300</u>
 Excess (deficiency) of revenues over expenditures	 (37,393)
 Other financing sources	
Interfund transfers in (out) - HCBCC	<u>37,393</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, 2016

Assets

Cash	\$ <u>127,646</u>
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Liabilities and net position

Due to other governments:

Hamilton County Board of County Commissioners	\$ 694
State of Florida	-
Others	120,589

Other current liabilities

Interest payable	39
Due to individuals	<u>6,324</u>

Total liabilities	<u>127,646</u>
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Net position	<u>\$ -</u>
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**HAMILTON COUNTY, FLORIDA
TAX COLLECTOR**

NOTES TO FINANCIAL STATEMENTS

September 30, 2016

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, \$694 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. INTERFUND TRANSFERS

Transfers were made from the Hamilton County Board of County Commissioners' General Fund into the Tax Collector's General Fund in the amount of \$37,393. The budgeted transfers were made in accordance with *Florida Statutes* 145.141.

NOTE 3. FLORIDA RETIREMENT SYSTEM (FRS) – DEFINED BENEFIT 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, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for services	\$ 412,062	\$ 412,062	\$ 403,785	\$ (8,277)
Miscellaneous revenues				
Interest	-	-	122	122
Total revenues	<u>412,062</u>	<u>412,062</u>	<u>403,907</u>	<u>(8,155)</u>
Expenditures				
General government services				
Personal services	361,829	361,829	359,876	1,953
Operating expenditures	104,658	104,658	81,424	23,234
Capital outlay	-	-	-	-
Total expenditures	<u>466,487</u>	<u>466,487</u>	<u>441,300</u>	<u>25,187</u>
Excess (deficiency) of revenues over expenditures	(54,425)	(54,425)	(37,393)	17,032
Other financing sources				
Interfund transfers in (out) - HCBCC	<u>54,425</u>	<u>54,425</u>	<u>37,393</u>	<u>(17,032)</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HAMILTON COUNTY, FLORIDA
TAX COLLECTOR**

NOTES TO BUDGETARY COMPARISON SCHEDULE

September 30, 2016

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 made one supplemental budgetary appropriation during the year ended September 30, 2016.

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

COMPLIANCE SECTION

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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

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

To the Honorable Tax Collector
Hamilton County, Florida

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hamilton County Tax Collector, as of and for the year ended September 30, 2016, 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 9, 2017.

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.

A handwritten signature in black ink, appearing to read 'Kenneth M. Daniels', is written over a horizontal line.

Kenneth M. Daniels
Certified Public Accountant
June 9, 2017

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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

INDEPENDENT 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, 2016. 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, 2016.



Kenneth M. Daniels
Certified Public Accountant
June 9, 2017

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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

MANAGEMENT LETTER

To the Honorable Tax Collector
Hamilton County, Florida

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, 2016, and have issued my report thereon dated June 9, 2017.

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 9, 2017, 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.

A handwritten signature in black ink, appearing to read 'Ken M. Daniels', is positioned above the printed name.

Kenneth M. Daniels
Certified Public Accountant
June 9, 2017