

HAMILTON COUNTY, FLORIDA

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2017

HAMILTON COUNTY, FLORIDA

LIST OF PRINCIPAL OFFICIALS

September 30, 2017

Board of County Commissioners

District I	Beth Burnam
District II	Josh Smith
District III	Robert E. Brown
District IV	Randy Ogburn, Sr.
District V	William Mitchell

County Attorney

Clifford L. Adams

Clerk of the Circuit Court

Greg Godwin

Property Appraiser

David H. Goolsby, Jr.

Sheriff

J. Harrell Reid

Supervisor of Elections

Laura Hutto

Tax Collector

Mary Sue Adams

HAMILTON COUNTY, FLORIDA

ANNUAL FINANCIAL REPORT

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**INDEPENDENT
AUDITOR'S
REPORT**

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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Jasper, FL 32052

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of County Commissioners
Hamilton County, Florida

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Hamilton County, Florida, as of and for the year ended September 30, 2017, 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, 2017, 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 in Section I, analysis and budgetary comparison information in Section II pages 40–43, and pension trend information on pages 44 to 47 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 6, 2018, 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 'Kenneth M. Daniels', written in a cursive style.

Kenneth M. Daniels
Certified Public Accountant
June 6, 2018

HAMILTON COUNTY, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended September 30, 2017

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, 2017. 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 the process of upgrading and improving its roads. Approximately \$2.99 million was expended in the fiscal year ending September 30, 2017, on County road projects. Road projects completed were as follows: SW 59th Drive, NW 16th Ave, Johns Street, 96th Place, and 1st Street. Ongoing projects are identified as follows: Love's Connection Road, 79th Drive, SW 55th Ave, SW 141st Blvd, CR 137, 4th Dr and 34th Ave, SW 31st St, SW 49th Trail, and SW 107th Ave.

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 2016-17, the County subsidized the Clinic in the amount of \$89,023; \$56,512 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 \$2.18 million, largely the result of grant funded road projects as indicated above.

The County's business-type activities Net Position decreased approximately \$449,000. This decrease was largely due to depreciation on the water/wastewater treatment facility.

Overall the County's Net Position increased by approximately \$1.7 million, again, largely the result of the road construction grants.

Other liabilities within the Governmental Activities increased due to the retainage owed to the Anderson Columbia, for SW 59th Drive and retainage and draws #1 and #2 on NW 23rd Blvd. Long-term liabilities increased due to the adjustment to the County's pension liability per GASB 68.

Capital assets decreased in the Business-type Activities – the Landfill scrapped five garbage containers.

A summary of the County's Net Position follows:

Statement of Net Position	Table 1 Net Position (In Millions)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 17.83	\$ 15.56	\$ 2.17	\$ 2.17	\$ 20.00	\$ 17.73
Capital assets	<u>39.08</u>	<u>37.44</u>	<u>5.44</u>	<u>5.81</u>	<u>44.52</u>	<u>43.25</u>
Total assets	56.91	53.00	7.61	7.98	64.52	60.98
Deferred outflows of resources	<u>6.87</u>	<u>6.21</u>	<u>-</u>	<u>-</u>	<u>6.87</u>	<u>6.21</u>
Total assets & deferred outflows of resources	<u>\$ 63.78</u>	<u>\$ 59.21</u>	<u>\$ 7.61</u>	<u>\$ 7.98</u>	<u>\$ 71.39</u>	<u>\$ 67.19</u>
Other liabilities	\$ 1.87	\$ 0.76	\$ 0.06	\$ 0.04	\$ 1.93	\$ 0.80
Long term liabilities	<u>12.40</u>	<u>11.55</u>	<u>1.98</u>	<u>1.92</u>	<u>14.38</u>	<u>13.47</u>
Total liabilities	14.27	12.31	2.04	1.96	16.31	14.27
Deferred inflows of resources	<u>2.97</u>	<u>2.55</u>	<u>-</u>	<u>-</u>	<u>2.97</u>	<u>2.55</u>
Net position:						
Invested in Cap Assets	38.26	36.39	5.44	5.81	43.70	42.20
Restricted	5.51	4.99	-	-	5.51	4.99
Unrestricted	<u>2.77</u>	<u>2.97</u>	<u>0.13</u>	<u>0.21</u>	<u>2.90</u>	<u>3.18</u>
Total net position	<u>46.54</u>	<u>44.35</u>	<u>5.57</u>	<u>6.02</u>	<u>52.11</u>	<u>50.37</u>
Total liabilities, deferred inflows, and net position	<u>\$ 63.78</u>	<u>\$ 59.21</u>	<u>\$ 7.61</u>	<u>\$ 7.98</u>	<u>\$ 71.39</u>	<u>\$ 67.19</u>

Governmental Activities

Revenues increased \$2.37 million. As indicated above in the financial highlights, significant road projects, largely grant funded, were either completed or ongoing resulting in revenues of \$2.90 million (vs \$1.36 in the prior year). Public safety revenues increased due to grants from the Florida Department of Health to the

County's EMS Department for the purchase of a refurbished and remounted Chevy 3500 chassis. Miscellaneous revenues increased due to an insurance claim for the repair of a CAT 287D multi-terrain loader and reimbursement for milling by the School District for improvements made to SW 55th Drive.

Human services expenditures increased due to approximately \$100,000 expended for expansion of the local nursing center. Economic environment expenditures decreased due to significant expenditures incurred via the SHIP Program repairing and replacing homes in the prior year - \$340,000 in 2015-16 and \$179,830 in 2016-17.

Business-type Activities

Solid waste revenue increased slightly due to increased tonnage at the County's landfill from Hurricane Irma. Water/wastewater revenue increased due to the replacing of faulty meters in the prior year. Garbage/solid waste expenses increased due to a \$57,500 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	
	2017	2016	2017	2016	2017	2016
Program revenues						
General government	\$ 2.84	\$ 2.72	\$ -	\$ -	\$ 2.84	\$ 2.72
Public safety	1.65	1.35	-	-	1.65	1.35
Physical environment	0.06	-	-	-	0.06	-
Transportation	4.54	2.82	-	-	4.54	2.82
Economic environment	0.42	0.42	-	-	0.42	0.42
Human services	0.24	0.19	-	-	0.24	0.19
Culture/recreation	0.39	0.40	-	-	0.39	0.40
Court related	0.35	0.37	-	-	0.35	0.37
Garbage/solid waste	-	-	0.24	0.22	0.24	0.22
Water/wastewater	-	-	0.13	0.07	0.13	0.07
General revenues			-	-		
Taxes			-	-		
Ad valorem	7.60	7.50	-	-	7.60	7.50
Tourist development	0.03	0.03	-	-	0.03	0.03
Fuel - voted	0.41	0.42	-	-	0.41	0.42
Fuel - local option	2.50	2.58	-	-	2.50	2.58
Discretionary sales	0.84	0.81	-	-	0.84	0.81
Commx services	0.02	0.01	-	-	0.02	0.01
Interest	0.04	0.04	-	-	0.04	0.04
Miscellaneous	0.32	0.21	-	-	0.32	0.21
Total revenues	<u>22.25</u>	<u>19.87</u>	<u>0.37</u>	<u>0.29</u>	<u>22.62</u>	<u>20.16</u>
Program expenses						
General government	3.48	3.30	-	-	3.48	3.30
Public safety	7.82	7.82	-	-	7.82	7.82
Physical environment	0.19	0.18	-	-	0.19	0.18
Transportation	5.28	4.71	-	-	5.28	4.71
Economic environment	0.60	0.73	-	-	0.60	0.73
Human services	0.74	0.59	-	-	0.74	0.59
Culture/recreation	1.07	1.07	-	-	1.07	1.07
Court related	0.77	0.72	-	-	0.77	0.72
Interest on long term debt	0.03	0.03	-	-	0.03	0.03
Garbage/solid waste	-	-	0.60	0.55	0.60	0.55
Water/wastewater combination	-	-	0.42	0.49	0.42	0.49
Total expenses	<u>19.98</u>	<u>19.15</u>	<u>1.02</u>	<u>1.04</u>	<u>21.00</u>	<u>20.19</u>
Excess (deficiency) before extraordinary and special items and transfers	2.27	0.72	(0.65)	(0.75)	1.62	(0.03)

(Table 2 Continued)

Special and extraordinary items and transfers

Extraordinary item	-	-	-	-	-	-
Special items	0.11	0.23	-	-	0.11	0.23
Transfers	(0.20)	(0.28)	0.20	0.28	-	-
Total special items and transfers	(0.09)	(0.05)	0.20	0.28	0.11	0.23
Change in net position	2.18	0.67	(0.45)	(0.47)	1.73	0.20
Beginning net position	44.36	43.69	6.02	6.49	50.38	50.18
Ending net position	\$ 46.54	\$ 44.36	\$ 5.57	\$ 6.02	\$ 52.11	\$ 50.38

The County's Funds

The County's General Fund's Fund Balance increased approximately \$600,000. Revenue increases of \$127,000 ad valorem taxes, EMS grant funding of \$100,000, and increased sales tax distributions (approximately \$100,000 increase over the prior year) were largely responsible. Expenditures increased \$823,000 due to capital outlay expenditures – (road projects) and assistance to the local nursing center for expansion.

The Transportation Trust Fund's fund balance increased by \$330,000 due to a slight increase in fuel taxes resulting from Love's Travel Stop at the I75/SR129 interchange and Pilot Travel Center at the I75/SR6 interchange (approximately \$150,000 increase year-over-year) and decreases in road materials (\$32,000) and debt service (\$112,000).

Overall, the governmental funds' fund balance increased \$1.1 million.

The County's Enterprise Funds' Net Position decreased approximately \$449,000, the result of a \$375,000 in depreciation of plant and equipment. The landfill required additional funding from the County's General Fund in the amount of \$204,000.

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>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>Percent Change</u>
Total fund balances	\$ 15.95	\$ 14.82	\$ 1.13	7.6%
Unreserved Fund Balance				
<u>Major Funds</u>	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>Percent Change</u>
General	\$ 10.44	\$ 9.83	\$ 0.61	6.2%
Transportation Trust	4.49	4.16	0.33	7.9%
Landfill Enterprise Fund				
Change in Net Assets:				
Invested in Capital Assets				
	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>Percent Change</u>
	\$ 1.47	\$ 1.55	\$ (0.08)	-5.2%

Unrestricted				
	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>Percent Change</u>
\$	(0.41)	\$ (0.33)	\$ (0.08)	-24.2%
I75/SR6 Utility Fund				
Change in Net Assets:				
Invested in Capital Assets				
	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>Percent Change</u>
\$	3.97	\$ 4.26	\$ (0.29)	-6.8%
Unrestricted				
	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>Percent Change</u>
\$	0.54	\$ 0.54	\$ -	0.0%

GENERAL FUND BUDGETARY HIGHLIGHTS

Detailed budget reviews by the Board of County Commissioners continued in fiscal year 2016-17 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 \$206,000 due to the recognition of unanticipated receipts. The actual amounts expended were \$5.9 million less than the appropriated amounts largely due to budgeted reserves.

Actual receipts and balances exceeded the budgeted by \$4.53 million due to taxes (\$656,000 greater than budgeted) and budgetary fund balance (\$3.83 million greater than budgeted). Appropriations were under budget by approximately \$5.9 million due to a contingency of approximately \$5.1 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 2017's major additions included the following (in millions):

County Roads and recreation facilities	\$3.00
Equipment (tractors, vehicles, and other)	1.40

Table 4
Capital Assets (in Millions)

	Governmental		Business-type		Totals	
	<u>Activities</u>		<u>Activities</u>		<u>Totals</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 1.74	\$ 1.54	\$ 0.27	\$ 0.27	\$ 2.01	\$ 1.81
Construction in progress	2.20	2.09	-	-	2.20	2.09
Buildings	9.42	9.11	-	-	9.42	9.11
Improvements other than buildings	47.61	44.92	9.75	9.75	57.36	54.67
Equipment, furniture, and vehicles	<u>9.42</u>	<u>8.48</u>	<u>0.89</u>	<u>0.93</u>	<u>10.31</u>	<u>9.41</u>
Totals	<u>\$ 70.39</u>	<u>\$ 66.14</u>	<u>\$ 10.91</u>	<u>\$ 10.95</u>	<u>\$ 81.30</u>	<u>\$ 77.09</u>

Capital asset additions budgeted for fiscal year 2016-17 is approximately \$185,000 (equipment and buildings) in the General Fund and \$13.87 million in the Transportation Trust Fund (roads and equipment).

Debt

The County increased its outstanding debt by \$820,000 due to adjustments to its pension liability under GASB 68 and compensated absences.

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

	Governmental		Business-type		Totals	
	<u>Activities</u>		<u>Activities</u>		<u>Totals</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Est. liability for closure	\$ -	\$ -	\$ 1.98	\$ 1.92	\$ 1.98	\$ 1.92
Capital leases	0.83	1.05	-	-	0.83	1.05
Compensated absences	0.71	0.66	0.02	0.02	0.73	0.68
Pension liability	<u>11.17</u>	<u>10.24</u>	<u>-</u>	<u>-</u>	<u>11.17</u>	<u>10.24</u>
Totals	<u>\$ 12.71</u>	<u>\$ 11.95</u>	<u>\$ 2.00</u>	<u>\$ 1.94</u>	<u>\$ 14.71</u>	<u>\$ 13.89</u>

2016-17 BUDGET AND CURRENTLY KNOWN FACTS

2017 Budget

A summary of the County's 2017-18 budget is as follows:

General Fund – The Board of County Commissioners budgeted a cash balance forward of \$6.22 million and revenues of \$13 million. Appropriations total \$19.58 million with budgeted reserves of \$5.5 million.

Transportation Trust Fund – A cash balance forward of \$2.33 million and revenues of \$16.1 million, fund appropriations of \$18.44 million with a budgeted reserve of \$2.1 million. Budgeted capital outlay is as follows: roads and bridges \$13.39 million, equipment \$485,000. Debt service of \$121,000 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 \$146,619.

I75/SR6 Water/Wastewater Fund – utility revenues are budgeted at \$96,000 and expenses at \$81,000.

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.



Beth Burnam
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, 2017

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Assets			
Cash	\$ 15,397,724	\$ 554,905	\$ 15,952,629
Accounts receivable	402,056	18,246	420,302
Allowance for doubtful accounts	(171,729)	-	(171,729)
Due from other governmental units	2,119,634	90,909	2,210,543
Prepaid item	80,000	-	80,000
Restricted assets			
Cash	-	1,510,490	1,510,490
Capital assets			
Land and construction in progress	3,942,208	267,366	4,209,574
Other capital assets, net of depreciation	35,143,714	5,168,803	40,312,517
Total capital assets	<u>39,085,922</u>	<u>5,436,169</u>	<u>44,522,091</u>
Total assets	56,913,607	7,610,719	64,524,326
Deferred outflows of resources			
Pensions	6,869,947	-	6,869,947
Total assets and deferred outflows of resources	<u>\$ 63,783,554</u>	<u>\$ 7,610,719</u>	<u>\$ 71,394,273</u>
Liabilities, deferred inflows of resources, and net position			
Liabilities			
Accounts payable	\$ 466,204	\$ 32,225	\$ 498,429
Contracts payable	1,078,135	-	1,078,135
Due to other governmental units	30,032	-	30,032
Payroll withholding/taxes	870	-	870
Deposits	-	1,700	1,700
Other current liabilities	5,255	-	5,255
Long-term liabilities			
Due within one year			
Compensated absences	192,319	22,160	214,479
Capital leases	98,208	-	98,208
Due within more than one year			
Estimated liability for landfill post-closure	-	1,980,442	1,980,442
Compensated absences	491,618	-	491,618
Capital leases	729,073	-	729,073
Pension liability	11,178,125	-	11,178,125
Total liabilities	<u>14,269,839</u>	<u>2,036,527</u>	<u>16,306,366</u>

(Continued)

See notes to financial statements.

Section II - Page 1

HAMILTON COUNTY, FLORIDA

STATEMENT OF NET POSITION

September 30, 2017

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Deferred inflows of resources			
Deferred grant proceeds	\$ 101,535	\$ -	\$ 101,535
Pensions	<u>2,870,636</u>	<u>-</u>	<u>2,870,636</u>
Total deferred inflows of resources	<u>2,972,171</u>	<u>-</u>	<u>2,972,171</u>
Net position			
Invested in capital assets, net of related debt	38,258,641	5,436,168	43,694,809
Restricted			
Transportation	4,493,727	-	4,493,727
Other purposes	1,022,046	-	1,022,046
Unrestricted	<u>2,767,130</u>	<u>138,024</u>	<u>2,905,154</u>
Total net position	<u>46,541,544</u>	<u>5,574,192</u>	<u>52,115,736</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 63,783,554</u>	<u>\$ 7,610,719</u>	<u>\$ 71,394,273</u>

HAMILTON COUNTY, FLORIDA

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Governmental activities							
General government	\$ 3,478,871	\$ 341,214	\$ 2,407,948	\$ 94,886	\$ (634,823)	\$ -	\$ (634,823)
Public safety	7,822,887	1,150,718	502,352	-	(6,169,817)	-	(6,169,817)
Physical environment	192,600	60,000	-	-	(132,600)	-	(132,600)
Transportation	5,283,751	8,190	1,631,783	2,897,249	(746,529)	-	(746,529)
Economic environment	596,620	-	416,512	-	(180,108)	-	(180,108)
Human services	736,106	-	244,164	-	(491,942)	-	(491,942)
Culture/recreation	1,066,000	54,980	333,454	-	(677,566)	-	(677,566)
Court related	773,696	354,795	-	-	(418,901)	-	(418,901)
Interest on long term debt	<u>29,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,082)</u>	<u>-</u>	<u>(29,082)</u>
Total governmental activities	<u>19,979,613</u>	<u>1,969,897</u>	<u>5,536,213</u>	<u>2,992,135</u>	<u>(9,481,368)</u>	<u>-</u>	<u>(9,481,368)</u>
Business type activities							
Garbage/solid waste services	600,539	144,073	90,909	-	-	(365,557)	(365,557)
Water/wastewater combination services	<u>424,304</u>	<u>133,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(291,047)</u>	<u>(291,047)</u>
	<u>1,024,843</u>	<u>277,330</u>	<u>90,909</u>	<u>-</u>	<u>-</u>	<u>(656,604)</u>	<u>(656,604)</u>
Total government	<u>\$ 21,004,456</u>	<u>\$ 2,247,227</u>	<u>\$ 5,627,122</u>	<u>\$ 2,992,135</u>	<u>(9,481,368)</u>	<u>(656,604)</u>	<u>(10,137,972)</u>
General revenues							
Taxes							
Ad valorem					7,601,360	-	7,601,360
Tourist development					31,040	-	31,040
Fuel - voted					408,389	-	408,389
Fuel - local option					2,498,518	-	2,498,518
Discretionary sales surtax					837,437	-	837,437
Communications services					15,428	-	15,428
Interest earnings					42,943	3,148	46,091
Miscellaneous					316,056	-	316,056
Special items							
Gain on disposal of assets					119,031	-	119,031
Transfers					<u>(204,186)</u>	<u>204,186</u>	<u>-</u>
Total general revenues, special items, and transfers					<u>11,666,016</u>	<u>207,334</u>	<u>11,873,350</u>
Change in net position					<u>2,184,648</u>	<u>(449,270)</u>	<u>1,735,378</u>
Net position - beginning					<u>44,356,896</u>	<u>6,023,462</u>	<u>50,380,358</u>
Net position - ending					<u>\$ 46,541,544</u>	<u>\$ 5,574,192</u>	<u>\$ 52,115,736</u>

See notes to financial statements.

HAMILTON COUNTY, FLORIDA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2017

	General Fund	County Transportation Trust Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 10,321,690	\$ 4,043,369	\$ 1,003,398	\$ 15,368,457
Accounts receivable	380,966	7,664	13,426	402,056
Allowance for doubtful accounts	(171,729)	-	-	(171,729)
Interfund receivables	61,846	-	35,404	97,250
Due from other governmental units	384,382	1,670,516	64,735	2,119,633
Prepaid item	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>80,000</u>
Total assets and other debits	<u>\$ 11,057,155</u>	<u>\$ 5,721,549</u>	<u>\$ 1,116,963</u>	<u>\$ 17,895,667</u>
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable	\$ 349,277	\$ 101,344	\$ 15,584	\$ 466,205
Contracts payable	-	1,078,135	-	1,078,135
Interfund payables	16,799	1,634	49,550	67,983
Due to other governmental units	424	-	29,609	30,033
Compensated absences	148,361	43,959	-	192,320
Payroll taxes and other withholding	871	-	-	871
Other current liabilities	<u>2,334</u>	<u>2,750</u>	<u>174</u>	<u>5,258</u>
Total liabilities	<u>518,066</u>	<u>1,227,822</u>	<u>94,917</u>	<u>1,840,805</u>
Deferred inflows of resources				
Deferred grant proceeds	<u>101,535</u>	<u>-</u>	<u>-</u>	<u>101,535</u>
Fund balances				
Nonspendable - prepaid item	80,000	-	-	80,000
Restricted for:				
Transportation	-	4,493,727	-	4,493,727
Other purposes	-	-	1,022,046	1,022,046
Assigned	710,863	-	-	710,863
Unassigned	<u>9,646,691</u>	<u>-</u>	<u>-</u>	<u>9,646,691</u>
Total fund balances	<u>10,437,554</u>	<u>4,493,727</u>	<u>1,022,046</u>	<u>15,953,327</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,057,155</u>	<u>\$ 5,721,549</u>	<u>\$ 1,116,963</u>	<u>\$ 17,895,667</u>

HAMILTON COUNTY, FLORIDA

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

September 30, 2017

Total fund balances for governmental funds \$ 15,953,327

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	1,743,330
Construction in progress	2,198,878
Buildings	9,422,505
Accumulated depreciation - buildings	(3,672,842)
Improvements other than buildings (infrastructure)	47,605,321
Accumulated depreciation - improvements other than buildings	(20,668,220)
Equipment	9,418,995
Accumulated depreciation - equipment	<u>(6,962,045)</u>
Total capital assets (See note 4.)	<u>39,085,922</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	6,869,947
Deferred inflows related to pensions	(2,870,636)

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, 2017, are as follows:

Capital leases - current	(98,208)
Compensated absences - long-term	(491,619)
Capital leases - long-term	(729,073)
Pension liability - long-term	<u>(11,178,116)</u>
Total long-term debt	<u>(12,497,016)</u>
Total net assets of governmental activities	<u>\$ 46,541,544</u>

HAMILTON COUNTY, FLORIDA

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

For the Year Ended September 30, 2017

	General <u>Fund</u>	County Transportation <u>Trust Fund</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues				
Taxes	\$ 8,416,167	\$ 2,906,907	\$ 31,040	\$ 11,354,114
Licenses and permits	67,035	-	-	67,035
Intergovernmental revenues	3,260,216	4,528,970	546,485	8,335,671
Charges for services	1,257,060	8,190	443,060	1,708,310
Fines and forfeitures	19,788	-	305,609	325,397
Interest	29,619	10,606	2,718	42,943
Miscellaneous	<u>378,817</u>	<u>52,608</u>	<u>10,920</u>	<u>442,345</u>
Total revenues	<u>13,428,702</u>	<u>7,507,281</u>	<u>1,339,832</u>	<u>22,275,815</u>
Expenditures				
Current				
General government	3,091,644	-	31,923	3,123,567
Public safety	6,855,831	-	403,631	7,259,462
Physical environment	176,259	-	-	176,259
Transportation	-	2,503,016	-	2,503,016
Economic environment	139,269	-	233,946	373,215
Human services	729,913	-	-	729,913
Culture/recreation	977,531	-	-	977,531
Court related	269,514	-	461,649	731,163
Capital outlay	646,358	4,248,718	49,685	4,944,761
Debt service				
Principal	14,066	202,920	-	216,986
Interest	<u>-</u>	<u>29,082</u>	<u>-</u>	<u>29,082</u>
Total expenditures	<u>12,900,385</u>	<u>6,983,736</u>	<u>1,180,834</u>	<u>21,064,955</u>
Excess (deficiency) of revenues over expenditures	<u>528,317</u>	<u>523,545</u>	<u>158,998</u>	<u>1,210,860</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, 2017

	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	\$ -	\$ -	\$ -	\$ -
Interfund transfers in	350,923	-	82,354	433,277
Interfund transfers out	<u>(270,494)</u>	<u>(317,597)</u>	<u>(49,371)</u>	<u>(637,462)</u>
Total other financing sources (uses)	<u>80,429</u>	<u>(317,597)</u>	<u>32,983</u>	<u>(204,185)</u>
Special and extraordinary items				
Special item				
Sale of assets	<u>-</u>	<u>125,000</u>	<u>-</u>	<u>125,000</u>
Net change in fund balances	608,746	330,948	191,981	1,131,675
Fund balances at beginning of year	<u>9,828,808</u>	<u>4,162,779</u>	<u>830,065</u>	<u>14,821,652</u>
Fund balances at end of year	<u>\$ 10,437,554</u>	<u>\$ 4,493,727</u>	<u>\$ 1,022,046</u>	<u>\$ 15,953,327</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, 2017

Net change in fund balances - total governmental funds	\$ 1,131,675
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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	4,944,761
----------------	-----------

Depreciation	(3,262,782)
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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	216,986
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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 are recorded at the government-wide statements.

Miscellaneous revenue	(26,400)
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Gain on disposal of assets	4,612
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Loss on disposal of assets	(10,581)
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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	(798,968)
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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	(14,655)
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Change in net position of governmental activities	<u>\$ 2,184,648</u>
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HAMILTON COUNTY, FLORIDA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

September 30, 2017

	<u>Landfill Enterprise</u>	<u>I75/SR6 Utility</u>	<u>Total</u>
Assets			
Current assets			
Cash	\$ 1,175	\$ 553,730	\$ 554,905
Accounts receivable	16,030	2,216	18,246
Due from other governments	<u>90,909</u>	<u>-</u>	<u>90,909</u>
Total current assets	<u>108,114</u>	<u>555,946</u>	<u>664,060</u>
Noncurrent assets			
Restricted assets - expendable			
Cash	<u>1,510,490</u>	<u>-</u>	<u>1,510,490</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	891,708	-	891,708
Accumulated depreciation	<u>(3,418,587)</u>	<u>(2,051,337)</u>	<u>(5,469,924)</u>
Net capital assets	<u>1,466,049</u>	<u>3,970,120</u>	<u>5,436,169</u>
Total noncurrent assets	<u>2,976,539</u>	<u>3,970,120</u>	<u>6,946,659</u>
Total assets	<u><u>\$ 3,084,653</u></u>	<u><u>\$ 4,526,066</u></u>	<u><u>\$ 7,610,719</u></u>
Liabilities			
Current liabilities			
Accounts payable	\$ 25,508	\$ 6,717	\$ 32,225
Compensated absences	22,160	-	22,160
Deposits	<u>-</u>	<u>1,700</u>	<u>1,700</u>
Total current liabilities	47,668	8,417	56,085
Noncurrent liabilities			
Estimated liability for landfill post-closure	<u>1,980,442</u>	<u>-</u>	<u>1,980,442</u>
Total liabilities	<u>2,028,110</u>	<u>8,417</u>	<u>2,036,527</u>
Net position			
Invested in capital assets, net of related debt	1,466,048	3,970,120	5,436,168
Unrestricted	<u>(409,505)</u>	<u>547,529</u>	<u>138,024</u>
Total net position	<u>1,056,543</u>	<u>4,517,649</u>	<u>5,574,192</u>
Total liabilities and net position	<u><u>\$ 3,084,653</u></u>	<u><u>\$ 4,526,066</u></u>	<u><u>\$ 7,610,719</u></u>

HAMILTON COUNTY, FLORIDA

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

For the Year Ended September 30, 2017

	<u>Landfill Enterprise</u>	<u>I75/SR6 Utility</u>	<u>Total</u>
Operating Revenues			
Physical environment			
Garbage/solid waste revenue	\$ 140,437	\$ -	\$ 140,437
Service charges - water/waste water utilities	-	133,257	133,257
Sales of scrap	3,636	-	3,636
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>144,073</u>	<u>133,257</u>	<u>277,330</u>
Operating Expenses			
Garbage/solid waste services			
Personal services	235,290	-	235,290
Operating expenses	<u>365,249</u>	<u>-</u>	<u>365,249</u>
Total garbage and solid waste services	<u>600,539</u>	<u>-</u>	<u>600,539</u>
Water-sewer Combination Services			
Operating expenses	<u>-</u>	<u>424,304</u>	<u>424,304</u>
Total operating expenses	<u>600,539</u>	<u>424,304</u>	<u>1,024,843</u>
Operating income (loss)	<u>(456,466)</u>	<u>(291,047)</u>	<u>(747,513)</u>
Nonoperating revenues (expenses)			
Intergovernmental revenue			
Small County Consolidated Grant	90,909	-	90,909
Interest revenue	<u>2,405</u>	<u>743</u>	<u>3,148</u>
Total nonoperating revenues (expenses)	<u>93,314</u>	<u>743</u>	<u>94,057</u>
Income (loss) before transfers	(363,152)	(290,304)	(653,456)
Transfers in			
General Fund	<u>204,186</u>	<u>-</u>	<u>204,186</u>
Change in net position	(158,966)	(290,304)	(449,270)
Net position - beginning	<u>1,215,509</u>	<u>4,807,953</u>	<u>6,023,462</u>
Net position - ending	<u>\$ 1,056,543</u>	<u>\$ 4,517,649</u>	<u>\$ 5,574,192</u>

HAMILTON COUNTY, FLORIDA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended September 30, 2017

	<u>Landfill Enterprise</u>	<u>I75/SR6 Utility</u>	<u>Total</u>
Cash flows from operating activities			
Cash received from customers	\$ 150,552	\$ 131,842	\$ 282,394
Cash paid to employees/employee benefits	(232,489)	-	(232,489)
Cash paid to suppliers/others	<u>(213,159)</u>	<u>(131,466)</u>	<u>(344,625)</u>
Net cash provided (used) by operating activities	<u>(295,096)</u>	<u>376</u>	<u>(294,720)</u>
Cash flows from non-capital financing activities			
State grants received	90,909	-	90,909
Interfund transfers	<u>204,186</u>	<u>-</u>	<u>204,186</u>
Cash provided by non-capital financing activities	<u>295,095</u>	<u>-</u>	<u>295,095</u>
Cash flows from capital and related financing activities			
Cash payments for equipment	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities			
Purchases of certificates of deposit	-	-	-
Interest received	<u>162</u>	<u>743</u>	<u>905</u>
Cash provided (used) by investing activities	<u>162</u>	<u>743</u>	<u>905</u>
Net increase (decrease) in cash and cash equivalents	161	1,119	1,280
Cash and cash equivalents, beginning	<u>16,058</u>	<u>552,611</u>	<u>568,669</u>
Cash and cash equivalents, ending (see below)	<u>\$ 16,219</u>	<u>\$ 553,730</u>	<u>\$ 569,949</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	<u>\$ (456,466)</u>	<u>\$ (291,047)</u>	<u>\$ (747,513)</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	82,281	293,224	375,505
(Increase) decrease in current assets			
Accounts receivable	6,479	(1,415)	5,064
Increase (decrease) in current liabilities			
Accounts payable	12,306	(386)	11,920
Accrued compensated absences	2,801	-	2,801
Landfill closure liability	<u>57,503</u>	<u>-</u>	<u>57,503</u>
Total adjustments	<u>161,370</u>	<u>291,423</u>	<u>452,793</u>
Net cash provided (used) by operating activities	<u>\$ (295,096)</u>	<u>\$ 376</u>	<u>\$ (294,720)</u>
Cash per statement of net position			
Cash operating	\$ 1,175	\$ 553,730	\$ 554,905
Cash restricted	<u>1,510,490</u>	<u>-</u>	<u>1,510,490</u>
Total cash per statement of net position	<u>1,511,665</u>	<u>553,730</u>	<u>2,065,395</u>
Less: Certificate of deposit	<u>(1,495,446)</u>	<u>-</u>	<u>(1,495,446)</u>
Cash per the statement of cash flows	<u>\$ 16,219</u>	<u>\$ 553,730</u>	<u>\$ 569,949</u>
Noncash transactions - equipment disposal	<u>\$ 46,049</u>	<u>\$ -</u>	<u>\$ -</u>

HAMILTON COUNTY, FLORIDA

**STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS**

September 30, 2017

	<u>Agency Funds</u>
Assets	
Cash	\$ 830,498
Due from others	<u>4,402</u>
Total assets	<u>834,900</u>
Liabilities	
Interfund payables	29,267
Due to other govt. units	413,748
Other current liabilities	
Due to others	<u>391,885</u>
Total liabilities	<u>834,900</u>
Net position	<u>\$ -</u>

HAMILTON COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS

September 30, 2017

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, 2017, the County had deposits of \$1,510,490 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 \$5,515,773 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, 2017, 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, 2017, 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, 2017, the County complied with the above requirements.

The County's cash deposits/investments at September 30, 2017, consisted of the following:

<u>Deposits/investments</u>	<u>Balance</u>
Board of County Commissioners (BCC)	\$ 16,737,373
Clerk of Circuit Court	733,839
Property Appraiser	46,376
Sheriff	597,513
Supervisor of Elections	7,246
Tax Collector	<u>142,002</u>
Total deposits	<u>\$ 18,264,349</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, 2017, the Florida PRIME rating as established by Standard and Poors was AAAM. The weighted average day to maturity is 80 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)	\$ 16,717,388	\$ 733,839	\$ 46,376	\$ 597,513	\$ 7,246	\$ 142,002	\$ 18,244,364
Florida Prime	<u>19,985</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,985</u>
Total	<u>\$ 16,737,373</u>	<u>\$ 733,839</u>	<u>\$ 46,376</u>	<u>\$ 597,513</u>	<u>\$ 7,246</u>	<u>\$ 142,002</u>	<u>\$ 18,264,349</u>

NOTE 3. RECEIVABLES

Accounts receivable at September 30, 2017, consist of the following:

<u>Activity</u>	<u>Miscellaneous Amounts</u>	<u>Billed Accounts</u>	<u>Totals</u>
Governmental			
General	\$ 7,301	\$ 373,664	\$ 380,965
Special Revenue	21,091	-	21,091
Business-type			
Enterprise	<u>-</u>	<u>18,246</u>	<u>18,246</u>
Totals	<u>\$ 28,392</u>	<u>\$ 391,910</u>	<u>\$ 420,302</u>

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

EMS Patient Billings	\$ 373,664
Allowance for doubtful accounts	<u>(171,729)</u>
Net EMS receivables	<u>\$ 201,935</u>

Due from other government units at September 30, 2017, consists of the following:

<u>Activity</u>	<u>State of Florida</u>	<u>Hamilton County School District</u>	<u>Hamilton County Hospital Authority</u>	<u>Total</u>
Governmental				
General	\$ 302,218	\$ 25,652	\$ 56,512	\$ 384,382
Special Revenue	1,735,252	-	-	1,735,252
Business - type				
Enterprise	<u>90,909</u>	<u>-</u>	<u>-</u>	<u>90,909</u>
Totals government and business - type	<u>\$ 2,128,379</u>	<u>\$ 25,652</u>	<u>\$ 56,512</u>	<u>\$ 2,210,543</u>

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2017, was as follows:

	Balance 10/1/2016	Additions	Deletions	Balance 9/30/2017
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,539,431	\$ 203,899	\$ -	\$ 1,743,330
Construction in progress	<u>2,089,364</u>	<u>3,003,852</u>	<u>2,894,338</u>	<u>2,198,878</u>
Total capital assets not being depreciated	<u>3,628,795</u>	<u>3,207,751</u>	<u>2,894,338</u>	<u>3,942,208</u>
Capital assets being depreciated				
Buildings and improvements	9,108,151	314,354	-	9,422,505
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	2,680,923	-	44,208,880
Sidewalks & Canopies - Annex	30,000	-	-	30,000
Machinery, furniture, equipment, and vehicles				
Board of County Commissioners	6,137,995	1,422,888	615,334	6,945,549
Sheriff (See Note 5.)	<u>2,341,838</u>	<u>213,182</u>	<u>81,575</u>	<u>2,473,445</u>
Total capital assets being depreciated	<u>62,512,382</u>	<u>4,631,347</u>	<u>696,909</u>	<u>66,446,820</u>
Less accumulated depreciation for:				
Buildings and improvements	3,532,222	140,621	-	3,672,843
Improvements other than buildings				
Fences	13,157	-	-	13,157
Industrial park - infrastructure	502,385	44,375	-	546,760
Recreational facilities	256,333	51,888	-	308,221
Roads	17,724,337	2,056,244	-	19,780,581
Sidewalks & Canopies - Annex	18,000	1,500	-	19,500
Machinery, furniture, equipment, and vehicles				
Board of County Commissioners	4,648,970	778,344	604,753	4,822,561
Sheriff	<u>2,009,460</u>	<u>189,810</u>	<u>59,788</u>	<u>2,139,482</u>
Total accumulated depreciation	<u>28,704,864</u>	<u>3,262,782</u>	<u>664,541</u>	<u>31,303,105</u>
Total capital assets being depreciated net	<u>33,807,517</u>	<u>1,368,565</u>	<u>32,368</u>	<u>35,143,714</u>
Governmental activity capital assets, net	<u>\$ 37,436,312</u>	<u>\$ 4,576,316</u>	<u>\$ 2,926,706</u>	<u>\$ 39,085,922</u>
	Balance 10/1/2016	Additions	Deletions	Balance 9/30/2017
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>937,757</u>	-	<u>46,049</u>	<u>891,708</u>
Total capital assets being depreciated	<u>10,684,776</u>	-	<u>46,049</u>	<u>10,638,727</u>
Less accumulated depreciation for				
Buildings and improvements	2,442,819	75,957	-	2,518,776
Water/wastewater plant	1,758,114	293,224	-	2,051,338
Machinery, equipment, furniture, and vehicles	<u>939,535</u>	<u>6,324</u>	<u>46,049</u>	<u>899,810</u>
Total accumulated depreciation	<u>5,140,468</u>	<u>375,505</u>	<u>46,049</u>	<u>5,469,924</u>
Total capital assets being depreciated, net	<u>5,544,308</u>	<u>(375,505)</u>	-	<u>5,168,803</u>
Total business-type assets, net	<u>\$ 5,811,674</u>	<u>\$ (375,505)</u>	<u>\$ -</u>	<u>\$ 5,436,169</u>

Depreciation expense was charged to functions as follows:

Governmental activities

Function

General Government

Legislative	\$ 16,556
Executive	262
Financial & administrative	24,829
Other general government	<u>92,524</u>
Total general government	<u>134,171</u>

Public safety

Law enforcement	130,401
Fire control	7,707
Corrections	63,034
Protective inspections	-
Emergency and disaster relief	-
Ambulance and rescue services	<u>111,218</u>
Total public safety	<u>312,360</u>

Transportation

Road and street	<u>2,710,717</u>
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Economic environment

Industry development	<u>20,427</u>
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Human services

Health	4,716
Public assistance	<u>1,476</u>
Total human services	<u>6,192</u>

Culture/recreation

Libraries	12,751
Parks and recreation	61,625
Cultural services	<u>4,539</u>
Total culture/recreation	<u>78,915</u>

Totals	<u>\$ 3,262,782</u>
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Business-type activities

Function

Physical environment

Garbage/solid waste control services	\$ 82,281
Water/sewer combination services	<u>293,224</u>
Total physical environment	<u>\$ 375,505</u>

NOTE 5. LONG-TERM OBLIGATIONS

CAPITAL LEASES

The County leases equipment with a historical cost and accumulated depreciation of \$1,117,922 and \$699,660, 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 2.8

- B. 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%.
- C. 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%.
- D. 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).
- E. 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%.
- F. 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, 2017:

<u>Year Ending</u> <u>September 30,</u>	<u>Governmental</u> <u>Activities</u>
2018	\$ 121,067
2019	346,589
2020	177,172
2021	<u>245,000</u>
Total minimum lease payments	889,828
Less: amount representing interest	<u>(62,547)</u>
Present value of future minimum lease payments	<u>\$ 827,281</u>

Changes in Long-Term Obligations

During the year ended September 30, 2017, the following changes occurred in the County's long-term obligations:

Governmental Activities

<u>Long-term Obligations</u>	Balance October 1, 2016	Additions	Deletions	Balance September 30, 2017	Amounts Due Within One Year
Capital leases	\$ 1,044,267	\$ -	\$ 216,986	\$ 827,281	\$ 98,208
Compensated absences	663,549	511,621	491,233	683,937	192,319
Net pension liability	<u>10,243,592</u>	<u>1,916,173</u>	<u>981,640</u>	<u>11,178,125</u>	<u>-</u>
Totals	<u>\$ 11,951,408</u>	<u>\$ 2,427,794</u>	<u>\$ 1,689,859</u>	<u>\$ 12,689,343</u>	<u>\$ 290,527</u>

Business-type

<u>Obligations</u>	Balance October 1, 2016	Additions	Deletions	Balance September 30, 2017	Amounts Due Within One Year
Estimated liability for landfill closure	\$ 1,922,939	\$ 57,503	\$ -	\$ 1,980,442	\$ -
Compensated absences	<u>19,359</u>	<u>17,109</u>	<u>14,308</u>	<u>22,160</u>	<u>22,160</u>
	<u>\$ 1,942,298</u>	<u>\$ 74,612</u>	<u>\$ 14,308</u>	<u>\$ 2,002,602</u>	<u>\$ 22,160</u>

NOTE 6. INTERFUND ACTIVITIES

Interfund receivable and payables at September 30, 2017, are as follows:

<u>Major Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 61,846	\$ 16,799
Transportation Trust	-	1,634
Total major funds	<u>61,846</u>	<u>18,433</u>
<u>Nonmajor Funds</u>		
Fine and Forfeiture (BCC)	3,509	536
Emergency Management Fund	511	31,384
911 Communications Fund	31,384	-
CDBG	-	13,843
Fine and Forfeiture (Clerk)	-	3,786
Total nonmajor funds	<u>35,404</u>	<u>49,549</u>
<u>Agency Funds</u>	<u>-</u>	<u>29,268</u>
Total all funds	<u>\$ 97,250</u>	<u>\$ 97,250</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, 2017, were as follows:

<u>Major Funds</u>	<u>Interfund Transfer In</u>	<u>Interfund Transfers Out</u>
General	\$ 350,923	\$ 270,494
Transportation Trust	-	317,597
Landfill Enterprise	204,186	-
Total major funds	<u>555,109</u>	<u>588,091</u>
<u>Nonmajor Funds</u>		
Fine and Forfeiture (BCC)	-	33,326
CDBG	20,931	-
Public Records Modernization	-	16,046
Fine and Forfeiture (Clerk)	22,571	-
Emergency Management	<u>38,852</u>	-
Total nonmajor funds	<u>82,354</u>	<u>49,372</u>
Total all funds	<u>\$ 637,463</u>	<u>\$ 637,463</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>
HCBCC	\$ -	\$ 317,506
Clerk of Courts	158,941	-
Property Appraiser	46,376	-
Sheriff	95,437	-
Supervisor of Elections	2,410	-
Tax Collector	<u>14,342</u>	-
Totals	<u>\$ 317,506</u>	<u>\$ 317,506</u>

	<u>Interfund Transfers in</u>	<u>Interfund Transfers out</u>
HCBCC	\$ -	\$ 6,022,633
Clerk of Courts	193,314	-
Property Appraiser	628,696	-
Sheriff	4,881,609	-
Supervisor of Elections	278,931	-
Tax Collector	<u>40,083</u>	-
Totals	<u>\$ 6,022,633</u>	<u>\$ 6,022,633</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, 2017, \$1,980,442 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, 2017, and recognition of \$209,082 in closure costs (25.03% of capacity filled) and \$179,329 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 \$1,592,030 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 \$626,109 and post-closure costs of \$537,011 are yet to be recognized. The estimated remaining life of the Class III landfill is thirty-five years. The estimated amounts are based on what it would cost to perform all closure and annual post-closure care in 2017. 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, 2017, restricted deposits of \$1,510,490 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 2017-18 fiscal year. See below.

At September 30, 2017, the unassigned general fund balance was \$9,646,691 or seventy-five percent of the General Fund's total expenditures.

A summary of the fund balances at September 30, 2017, is as follows:

Description	General Fund	Transportation Trust Fund	Other Governmental Funds	Total Governmental Funds	Restriction/Purpose
Fund balances:					
Nonspendable					
Prepaid item	\$ 80,000	\$ -	\$ -	\$ 80,000	GASBS No. 54
Restricted for:					
Transportation	-	4,493,727	-	4,493,727	Florida Statutes Chapters 206 and 207
Other purposes:					
Fine & Forfeiture	-	-	343,962	343,962	Florida Statutes 938.15, 932.704, 775.083
CDBG	-	-	18,431	18,431	Grant restricted
SHIP	-	-	24,671	24,671	Florida Statutes 420.9072
Tourist Development	-	-	11,785	11,785	Florida Statutes 125.0104
Public Record Modernization	-	-	7,211	7,211	Florida Statutes 28.24
Inmate Welfare	-	-	87,110	87,110	Florida Statutes 951.23
911 Communications	-	-	528,876	528,876	Florida Statutes 365.172
Assigned	710,863	-	-	710,863	GASBS No. 54
Unassigned	9,646,691	-	-	9,646,691	-
Total fund balance	<u>\$ 10,437,554</u>	<u>\$ 4,493,727</u>	<u>\$ 1,022,046</u>	<u>\$ 15,953,327</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 \$741,513 and HIS \$57,453 totaled \$798,966, for the fiscal year ended September 30, 2017.

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 2016-17 fiscal year were as follows:

Class	<u>Percent of Gross Salary</u>		<u>Total Contribution Rate</u>
	<u>Employee</u>	<u>Employer (1)</u>	
FRS, Regular	3.00%	5.80%	8.80%
FRS, Elected County Officers	3.00%	40.75%	43.75%
FRS, Senior Management Service	3.00%	20.05%	23.05%
FRS, Special Risk Regular	3.00%	20.85%	23.85%
FRS, Special Risk Administrative	3.00%	26.34%	29.34%
DROP - Applicable to member from all of the above classes	0.00%	11.33%	11.33%

Notes

1. Rates include the normal cost and unfunded liability contributions but does not include the 1.66 percent contribution for the Retiree Health Insurance Subsidy and the fee of 0.06 percent for administration of the FRS Investment Plan and provision of educational tools for both plans.

The County's contributions, including employee contributions, to the Plan totaled \$868,048 for the fiscal year ended September 30, 2017, and were as follows:

	FRS		
	<u>Employer</u>	<u>Employee</u>	<u>Total</u>
Board of County Commissioners	\$ 251,957	\$ 69,837	\$ 300,478
Clerk of Courts	81,285	13,507	94,792
Property Appraiser	26,686	5,412	32,099
Sheriff	308,416	49,450	357,866
Supervisor of Elections	31,712	3,046	34,758
Tax Collector	41,627	6,429	48,055
	<u>\$ 741,682</u>	<u>\$ 147,681</u>	<u>\$ 868,048</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At September 30, 2017, the County reported a liability of \$8,945,346 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The County's proportionate share of the net pension liability was based on the County's 2016-17 fiscal year contributions relative to the 2016-17 fiscal year contributions of all participating members. At June 30, 2017, the County's proportionate shares and increases from its proportionate shares measured as of June 30, 2017, were as follows:

Hamilton County	<u>Beg 06-30-16</u>	<u>End 06-30-17</u>	<u>Increase/(Decrease)</u>
Clerk of the Circuit Court	0.003137840%	0.003234135%	0.000096295%
Board of County Commissioners	0.010512358%	0.010517618%	0.000005260%
Property Appraiser	0.001118489%	0.001076078%	-0.000042411%
Tax Collector	0.002174558%	0.001891213%	-0.000283345%
Sheriff	0.013373552%	0.012667529%	-0.000706023%
Supervisor of Elections	0.000442003%	0.000855265%	0.000413262%

For the fiscal year ended September 30, 2017, the County recognized pension expense of \$741,513. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

FRS <u>Description</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Difference between expected and actual experience	\$ 226,295	\$ 22,760
Changes in assumptions	2,536,405	-
Investments	(2,007,578)	(221,688)
Employer specific changes in proportion	(34,408)	(87,695)
County FRS contributions subsequent to the measurement date	3,113	-
Total	<u>\$ 723,827</u>	<u>\$ (286,623)</u>

The deferred outflows of resources related to pensions, totaling \$200,224, 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, 2017. 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,									
	2018	2019	2020	2021	2022	Thereafter				
Clerk of the Circuit Court	\$ 2,332	\$ 2,332	\$ 2,332	\$ 2,332	\$ 2,332	\$ 933				
Board of County Comm'r	127	127	127	127	127	51				
Property Appraiser	(1,027)	(1,027)	(1,027)	(1,027)	(1,027)	(411)				
Tax Collector	(6,861)	(6,861)	(6,861)	(6,861)	(6,861)	(2,744)				
Sheriff	(17,096)	(17,096)	(17,096)	(17,096)	(17,096)	(6,838)				
Supervisor of Elections	10,007	10,007	10,007	10,007	10,007	4,003				

Actuarial Assumptions: The total pension liability in the June 30, 2017, 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	7.10 percent

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

The actuarial assumptions used were developed as of a June 30, 2017, measurement date and are based on an actuarial valuation date of June 30, 2017. Valuations are performed annually.

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 Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.00%	3.00%	1.80%
Fixed income	18.00%	4.50%	4.40%	4.20%
Global equity	53.00%	7.80%	6.60%	17.00%
Real estate	10.00%	6.60%	5.90%	12.80%
Private equity	6.00%	11.50%	7.80%	30.00%
Strategic investments	12.00%	6.10%	5.60%	9.70%
Assumed inflation			2.60%	1.90%

Note 1. As outlined in the FRS Pension Plan's investment policy available from Funds We Manage on the SBA's website at www.sbafla.com.

Discount Rate: The discount rate used to measure the total pension liability was 7.10 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 7.10 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 (6.10 percent) or 1 percentage-point higher (8.10 percent) than the current rate:

	1% Decrease <u>6.10%</u>	Current Discount <u>7.10%</u>	1% Increase <u>8.10%</u>
County's proportionate share of the net pension liability	<u>\$ 16,190,538</u>	<u>\$ 8,945,347</u>	<u>\$ 2,930,179</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, 2017, the County and Constitutional Officers reported no amounts owed for contributions to the Plan required for the fiscal year ended September 30, 2017.

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, 2017, 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, 2017, 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 \$112,020 for the fiscal year ended September 30, 2017, and were as follows:

	HIS		
	<u>FRS</u>	<u>Inv</u>	<u>Total</u>
Hamilton County, FL			
Board of County Commissioners	\$ 41,828	\$ 4,487	\$ 46,315
Clerk of Courts	8,118	1,231	9,348
Property Appraiser	5,335	-	5,335
Sheriff	38,428	6,836	45,264
Supervisor of Elections	1,685	-	1,685
Tax Collector	<u>3,557</u>	<u>515</u>	<u>4,072</u>
Total HIS contributions	<u>98,951</u>	<u>13,069</u>	<u>112,020</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2017, the County reported a net pension liability of \$2,232,779 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The County's proportionate share of the net pension liability was based on the County's 2016-17 fiscal year contributions relative to the June 30, 2017, fiscal year contributions of all participating members.

At June 30, 2017, the County's proportionate shares and increases from its proportionate shares measured as of June 30, 2017, were as follows:

Hamilton County	<u>End 06-30-16</u>	<u>End 06-30-17</u>	<u>Increase/(Decrease)</u>
Clerk of the Circuit Court	0.001734970%	0.001819038%	0.00000084
Board of County Commissioners	0.008442987%	0.008546309%	0.00000103
Property Appraiser	0.001057730%	0.001045558%	(0.00000012)
Tax Collector	0.000777500%	0.000766299%	(0.00000011)
Sheriff	0.008869202%	0.008413340%	(0.00000456)
Supervisor of Elections	0.000370693%	0.000291215%	(0.00000079)

For the fiscal year ended September 30, 2017, the County recognized pension expense of \$57,453. In addition, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>HIS</u> <u>Description</u>	<u>Deferred outflows</u> <u>of resources</u>	<u>Deferred inflows</u> <u>of resources</u>
Difference between expected and actual experience	\$ -	\$ 992
Changes in assumptions	(74,848)	-
Investments	(15)	(193,070)
Employer specific changes in proportion	3,630	(40,075)
County FRS contributions subsequent to the measurement date	<u>1,747</u>	<u>-</u>
Total	<u>\$ (69,486)</u>	<u>\$ (232,153)</u>

The deferred outflows of resources, totaling \$28,300 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Fiscal year ending September 30,					
Hamilton County	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Thereafter</u>
Clerk of the Circuit Court	\$ 1,150	\$ 1,150	\$ 1,150	\$ 1,150	\$ 1,150	\$ 1,380
Board of County Commissioners	1,413	1,413	1,413	1,413	1,413	1,696
Property Appraiser	(166)	(166)	(166)	(166)	(166)	(200)
Tax Collector	(153)	(153)	(153)	(153)	(153)	(184)
Sheriff	(6,234)	(6,234)	(6,234)	(6,234)	(6,234)	(7,481)
Supervisor of Elections	(1,087)	(1,087)	(1,087)	(1,087)	(1,087)	(1,304)

Actuarial Assumptions The total pension liability in the June 30, 2017, 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	3.58 percent

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

The actuarial assumptions used in the June 30, 2017, actuarial valuation was developed as of a June 30, 2017, measurement date, based on an actuarial of June 30, 2016. HIS plan valuations occur on a biennial basis.

Discount Rate The discount rate used to measure the total pension liability was 3.58 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 <u>2.58%</u>	Current Discount <u>3.58%</u>	1% Increase <u>4.58%</u>
County's proportionate share of the net pension liability	<u>\$ 2,547,897</u>	<u>\$ 2,232,779</u>	<u>\$ 1,970,304</u>

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, 2017, 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, 2017.

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>Contributions</u>		
	<u>Employee</u>	<u>Employer</u>	<u>Total</u>
FRS, Regular	3.00%	6.20%	9.20%
FRs, Elected County Officers	3.00%	43.78%	46.78%
FRS, Senior Management Service	3.00%	20.99%	23.99%

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, 2017, 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 \$140,513 for the fiscal year ended September 30, 2017, and was as follows:

	<u>Inv</u>			
	<u>Retirement</u>	<u>HIS</u>	<u>PEORP</u>	<u>Total</u>
Hamilton County, FL				
Board of County Commissioners	\$ 49,382	\$ 4,487	\$ 162	\$ 54,031
Clerk of Courts	4,370	1,231	44	5,645
Property Appraiser	-	-	-	-
Sheriff	71,389	6,836	247	78,472
Supervisor of Elections	-	-	-	-
Tax Collector	1,831	515	19	2,365
Total HIS contributions	<u>\$ 126,972</u>	<u>\$ 13,069</u>	<u>\$ 472</u>	<u>\$ 140,513</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, 2017, the County had the following construction related commitments:

<u>Construction Contractor</u>	<u>Project</u>	<u>Contract Amount</u>	<u>Paid through September 30, 2017</u>	<u>Remaining Balance</u>
Anderson Columbia	SW 59th Dr	\$ 1,330,948	\$ 1,320,170	\$ 10,778
Anderson Columbia	NW 23rd Blvd	3,960,171	946,118	3,014,053
Anderson Columbia	SW 79th Dr	1,018,412	-	1,018,412
Anderson Columbia	SW 107th Ave	429,064	-	429,064

<u>Administrative & Engineering Services</u>	<u>Project</u>	<u>Contract Amount</u>	<u>Paid through September 30, 2017</u>	<u>Remaining Balance</u>
North Florida Professional Services, Inc.	NW 23rd Blvd	\$ 85,714	\$ 57,141	\$ 28,573
North Florida Professional Services, Inc.	SW 79th Dr	95,836	85,836	10,000
North Florida Professional Services, Inc.	Loves Bypass	149,450	147,450	2,000
North Florida Professional Services, Inc.	SW 55th Dr	158,052	72,258	85,794
North Florida Professional Services, Inc.	SE 141st Blvd	88,000	39,500	48,500
North Florida Professional Services, Inc.	CR 137	254,488	231,584	22,904
North Florida Professional Services, Inc.	SW 107th Ave	16,466	12,465	4,001

<u>Retail Recruitment</u>	<u>Project</u>	<u>Contract Amount</u>	<u>Paid through September 30, 2017</u>	<u>Remaining Balance</u>
Retail Strategies, LLC	business development	\$ 120,000	\$ 40,000	\$ 80,000

Retail Recruitment

The County has a consulting agreement for retail recruitment with Retail Strategies, LLC. The agreement calls for three payments of \$40,000 beginning on August 16, 2017, and annually on or before the anniversary date. The agreement can be terminated by writing at any time.

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 began on October 16, 2013 and ended October 15, 2016. The agreement renews annually until either party furnishes notices of non-renewal to the other at least ninety days prior to expiration.

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 2016-17 fiscal year:

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

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. 83, Certain Asset Retirement Obligations

No. 84, Fiduciary Activities

No. 85, Omnibus 2017

No. 86, Certain Debt Extinguishment Issues

No. 87, Leases

Implementation Guide No. 2017-1 Implementation Guidance Update

Implementation Guide No. 2017-2 Financial Reporting for Postemployment Benefit Plans Other than Pensions

The County is evaluating the effects that these statements will have on its financial statements for the year ending September 30, 2018.

NOTE 16. SUBSEQUENT EVENTS

Grants awarded post year-end:

<u>Grantor</u>	<u>Grant identification number</u>		<u>Grant Amount</u>	<u>Award Date</u>
Florida Department of Transportation	436455-1-54-01	\$	420,000	11/16/2017
Florida Department of Transportation	440007-1-54-01		600,000	1/4/2018
Florida Department of Transportation	436009-1-58-01		3,694,889	1/16/2018

Construction contracts awarded:

<u>Contractor</u>	<u>Project</u>		<u>Contract Amount</u>	<u>Award Date</u>
Anderson Columbia, Inc.	CR 137	\$	2,456,808	1/16/2018
Anderson Columbia, Inc.	CR 152		2,222,240	3/20/2018
Anderson Columbia, Inc.	Loves Bypass		656,080	10/3/2017

Engineering contracts awarded:

<u>Firm</u>	<u>Project</u>		<u>Contract Amount</u>	<u>Award Date</u>
North Florida Professional Services, Inc.	Oak Street	\$	44,444	11/21/2017
North Florida Professional Services, Inc.	NW 104th Ave		31,111	11/21/2017
Legacy Engineering	Loves Bypass		70,328	12/5/2017

Significant purchases:

<u>Equipment description</u>	<u>Source</u>		<u>Amount</u>	<u>Purchase Date</u>
Caterpillar 926 Wheel loader	Ring Power	\$	159,631	4/10/2018
Chevrolet 3500 HD Frazier Ambulance Remount	Leasing 2		125,277	4/10/2018

County management has evaluated the subsequent events through the date of the audit report – June 6, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

HAMILTON COUNTY, FLORIDA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Budgetary fund balance	\$ 5,998,307	\$ 5,998,307	\$ 9,828,808	\$ 3,830,501
Estimated receipts				
Taxes	7,760,033	7,760,033	8,416,167	656,134
Licenses and permits	65,625	65,625	67,035	1,410
Intergovernmental revenues	3,229,753	3,229,753	3,260,216	30,463
Charges for services	1,276,183	1,276,183	1,257,060	(19,123)
Judgments, fines, and forfeits	7,802	7,802	19,788	11,986
Miscellaneous revenues	221,529	428,167	408,436	(19,731)
Other sources	<u>311,973</u>	<u>311,973</u>	<u>350,923</u>	<u>38,950</u>
Total estimated receipts and balances	<u>18,871,205</u>	<u>19,077,843</u>	<u>23,608,433</u>	<u>4,530,590</u>
Appropriations				
General government	3,949,783	3,972,459	3,213,702	(758,757)
Public safety	6,916,471	7,277,003	7,179,471	(97,532)
Physical environment	178,763	178,763	176,259	(2,504)
Economic environment	95,388	95,388	349,515	254,127
Human services	971,320	971,320	729,913	(241,407)
Culture/recreation	928,809	928,809	982,011	53,202
Other uses	5,572,703	5,397,393	270,494	(5,126,899)
Court related	<u>257,968</u>	<u>256,708</u>	<u>269,514</u>	<u>12,806</u>
Total appropriations	<u>18,871,205</u>	<u>19,077,843</u>	<u>13,170,879</u>	<u>(5,906,964)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,437,554</u>	<u>\$ 10,437,554</u>

HAMILTON COUNTY, FLORIDA

BUDGETARY COMPARISON SCHEDULE COUNTY TRANSPORTATION TRUST FUND

For the Year Ended September 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Budgetary fund balance	\$ 3,067,668	\$ 3,067,668	\$ 4,162,779	\$ 1,095,111
Estimated receipts				
Taxes	2,923,138	2,923,138	2,906,907	(16,231)
Intergovernmental revenue	11,671,512	11,671,512	4,528,970	(7,142,542)
Charges for services	1,000	1,000	8,190	7,190
Miscellaneous revenues	350,500	350,500	188,214	(162,286)
Other financing sources	-	-	-	-
Total estimated receipts and balances	<u>18,013,818</u>	<u>18,013,818</u>	<u>11,795,060</u>	<u>(6,218,758)</u>
Appropriations				
Transportation				
Roads and bridges				
Personal services	1,958,230	1,958,230	1,966,400	(8,170)
Operating expenditures	509,162	509,162	523,733	(14,571)
Capital outlay	11,618,232	11,618,232	4,248,718	7,369,514
Debt service	232,005	232,005	232,001	4
Grants & Aids	12,884	12,884	12,884	-
Other uses	<u>3,683,305</u>	<u>3,683,305</u>	<u>317,597</u>	<u>3,365,708</u>
Total transportation	<u>18,013,818</u>	<u>18,013,818</u>	<u>7,301,333</u>	<u>10,712,485</u>
Reserves				
Reserve for contingencies	-	-	-	-
Total appropriations	<u>18,013,818</u>	<u>18,013,818</u>	<u>7,301,333</u>	<u>10,712,485</u>
Budgetary fund balance at year end	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,493,727</u>	<u>\$ 4,493,727</u>

HAMILTON COUNTY, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULES

September 30, 2017

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, 2017, 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	\$ 23,608,433	\$ 11,795,060
Adjustments		
Budgetary fund balance is an amount available for appropriation but is not considered a revenue for GAAP reporting	(9,828,808)	(4,162,779)
Transfers in are available for appropriation but are not revenues for GAAP reporting	(350,923)	-
Special and extraordinary items are available for appropriation but are not revenues for GAAP reporting	-	(125,000)
Total revenues reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 13,428,702</u>	<u>\$ 7,507,281</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total appropriations" from the budgetary comparison schedules	\$ 13,170,879	\$ 7,301,333
Transfers out are appropriations for budgeting purposes but are not expenditures for GAAP reporting	(270,494)	(317,597)
Total expenditures reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 12,900,385</u>	<u>\$ 6,983,736</u>

HAMILTON COUNTY, FL
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Fiscal Years*

	Florida Retirement System			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Hamilton County, Florida's proportion of the net pension liability (asset)				
Board of County Commissioners	0.010518%	0.010512%	0.010343%	0.010106%
Clerk of Courts	0.003234%	0.003138%	0.003311%	0.002595%
Property Appraiser	0.001076%	0.001118%	0.001124%	0.001218%
Sheriff	0.012668%	0.013374%	0.012594%	0.013073%
Supervisor of Elections	0.000855%	0.000442%	0.000438%	0.000473%
Tax Collector	<u>0.001891%</u>	<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>0.030242%</u>	<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	\$ 3,111,042	\$ 2,654,379	\$ 1,335,887	\$ 616,604
Clerk of Courts	956,635	792,307	427,621	154,336
Property Appraiser	318,297	282,419	145,132	74,307
Sheriff	3,746,971	3,376,832	1,626,735	797,620
Supervisor of Elections	252,984	111,606	56,602	28,862
Tax Collector	<u>559,409</u>	<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>\$ 8,945,338</u>	<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	\$ 2,868,004	\$ 2,755,213	\$ 2,479,332	\$ 2,365,929
Clerk of Courts	563,159	537,991	546,589	574,229
Property Appraiser	348,671	328,070	321,473	321,325
Sheriff	2,834,688	2,646,264	2,775,732	2,683,352
Supervisor of Elections	138,603	118,771	111,594	110,701
Tax Collector	<u>245,318</u>	<u>241,082</u>	<u>236,843</u>	<u>236,695</u>
Total Hamilton County, Florida's covered-employee payroll	<u>\$ 6,998,443</u>	<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	127.82%	117.19%	59.97%	28.39%
Plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%	92.00%	96.09%

* Information is presented for those years available

Notes to Schedule

Note 1. Measurement Date

The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

Note 2. Covered Employees

Covered employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

HAMILTON COUNTY, FL
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Fiscal Years*

Florida Retirement System				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution				
Board of County Commissioners	\$ 301,339	\$ 285,252	\$ 271,033	\$ 253,693
Clerk of Courts	85,654	79,641	83,273	65,886
Property Appraiser	26,686	27,597	27,671	27,812
Sheriff	379,805	350,577	355,910	351,889
Supervisor of Elections	31,712	10,350	10,776	10,882
Tax Collector	43,458	54,365	55,629	47,008
Total Hamilton County, Florida, contractually required contribution	<u>868,654</u>	<u>807,782</u>	<u>804,292</u>	<u>757,170</u>
Contributions in relation to the contractually required contribution				
Board of County Commissioners	301,339	285,252	271,033	253,693
Clerk of Courts	85,654	79,641	83,273	65,886
Property Appraiser	26,686	27,597	27,671	27,812
Sheriff	379,805	350,577	355,910	351,889
Supervisor of Elections	31,712	10,350	10,776	10,882
Tax Collector	43,458	54,365	55,629	47,008
Total Hamilton County, Florida, contractually required contribution	<u>868,654</u>	<u>807,782</u>	<u>804,292</u>	<u>757,170</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Hamilton County, Florida's covered-employee payroll	<u>\$ 6,998,443</u>	<u>\$ 6,627,391</u>	<u>\$ 6,471,563</u>	<u>\$ 6,292,231</u>
Contributions as a percentage of covered-employee payroll	12.41%	12.19%	12.43%	12.03%

* Information is presented for those years available

Note to Schedule

Note 1. Covered Employees

Covered employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

HAMILTON COUNTY, FL
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Fiscal Years*

Health Insurance Subsidy Program				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Hamilton County, Florida's proportion of the net pension liability (asset)				
Board of County Commissioners	0.008546%	0.008443%	0.008105%	0.008030%
Clerk of Courts	0.001819%	0.001735%	0.001837%	0.001929%
Property Appraiser	0.001046%	0.001058%	0.001059%	0.001073%
Sheriff	0.008413%	0.008869%	0.009033%	0.008869%
Supervisor of Elections	0.000291%	0.000371%	0.000371%	0.000362%
Tax Collector	<u>0.000766%</u>	<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>0.020882%</u>	<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	\$ 913,810	\$ 983,995	\$ 826,570	\$ 750,791
Clerk of Courts	194,501	202,204	187,364	180,320
Property Appraiser	111,796	123,274	108,015	100,367
Sheriff	899,592	1,033,669	921,252	829,254
Supervisor of Elections	43,203	43,203	37,803	33,870
Tax Collector	<u>81,936</u>	<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>\$ 2,244,838</u>	<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	\$ 2,868,004	\$ 2,755,213	\$ 2,479,332	\$ 2,365,929
Clerk of Courts	563,159	537,991	546,589	574,229
Property Appraiser	348,671	328,070	321,473	321,325
Sheriff	2,834,688	2,646,264	2,775,732	2,683,352
Supervisor of Elections	138,603	118,771	111,594	110,701
Tax Collector	<u>245,318</u>	<u>241,082</u>	<u>236,843</u>	<u>236,695</u>
Total Hamilton County, Florida's covered-employee payroll	<u>\$ 6,998,443</u>	<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	32.08%	37.37%	33.39%	31.28%
Plan fiduciary net position as a percentage of the total pension liability	1.64%	0.97%	0.50%	0.99%

* Information is presented for those years available

Notes to Schedule

Note 1. Measurement Date

The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

Note 2. Covered Employees

Covered employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

HAMILTON COUNTY, FL
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Last 10 Fiscal Years*

Health Insurance Subsidy Program				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution				
Board of County Commissioners	\$ 46,315	\$ 45,107	\$ 31,240	\$ 28,391
Clerk of Courts	9,348	8,931	6,887	6,891
Property Appraiser	5,335	5,446	4,051	3,856
Sheriff	45,264	43,928	34,974	32,200
Supervisor of Elections	1,685	1,864	1,406	1,328
Tax Collector	<u>4,072</u>	<u>4,002</u>	<u>2,984</u>	<u>2,840</u>
Total Hamilton County, Florida, contractually required contribution	<u>112,020</u>	<u>109,278</u>	<u>81,542</u>	<u>75,506</u>
Contributions in relation to the contractually required contribution				
Board of County Commissioners	46,315	45,107	31,240	28,391
Clerk of Courts	9,348	8,931	6,887	6,891
Property Appraiser	5,335	5,446	4,051	3,856
Sheriff	45,264	43,928	34,974	32,200
Supervisor of Elections	1,685	1,864	1,406	1,328
Tax Collector	<u>4,072</u>	<u>4,002</u>	<u>2,984</u>	<u>2,840</u>
Total Hamilton County, Florida, contractually required contribution	<u>112,020</u>	<u>109,278</u>	<u>81,542</u>	<u>75,506</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Hamilton County, Florida's covered-employee payroll	<u>\$ 6,998,443</u>	<u>\$ 6,627,391</u>	<u>\$ 6,471,563</u>	<u>\$ 6,292,231</u>
Contributions as a percentage of covered-employee payroll	1.60%	1.65%	1.26%	1.20%

* Information is presented for those years available

Note to Schedule

Note 1. Covered Employees

Covered employee payroll includes defined benefit plan actives, investment plan members, and members in DROP.

SUPPLEMENTARY INFORMATION

HAMILTON COUNTY, FLORIDA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS**

September 30, 2017

	<u>Fine & Forfeiture</u>	<u>CDBG</u>	<u>Local Housing (SHIP) Fund</u>	<u>Tourist Development</u>	<u>Public Records Modernization</u>	<u>Clerk's Fine & Forfeiture</u>	<u>Sheriff's Emerg. Mgt.</u>	<u>Sheriff's Inmate Welfare</u>	<u>Sheriff's 911 Commx</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets										
Cash	\$ 340,989	\$ -	\$ 24,671	\$ 6,159	\$ 16,656	\$ 33,257	\$ -	\$ 84,175	\$ 497,491	\$ 1,003,398
Accounts receivable	-	-	-	10,000	-	285	31	3,109	1	13,426
Interfund receivables	3,509	-	-	-	-	-	511	-	31,384	35,404
Due from other governmental units	-	32,274	-	1,619	-	-	30,842	-	-	64,735
Total assets	<u>\$ 344,498</u>	<u>\$ 32,274</u>	<u>\$ 24,671</u>	<u>\$ 17,778</u>	<u>\$ 16,656</u>	<u>\$ 33,542</u>	<u>\$ 31,384</u>	<u>\$ 87,284</u>	<u>\$ 528,876</u>	<u>\$ 1,116,963</u>
Liabilities and fund balances										
Liabilities										
Accounts payable	\$ -	\$ -	\$ -	\$ 5,993	\$ 9,445	\$ 146	\$ -	\$ -	\$ -	\$ 15,584
Interfund payables	536	13,843	-	-	-	3,787	31,384	-	-	49,550
Due to other governmental units	-	-	-	-	-	29,609	-	-	-	29,609
Other current liabilities	-	-	-	-	-	-	-	174	-	174
Total liabilities	<u>536</u>	<u>13,843</u>	<u>-</u>	<u>5,993</u>	<u>9,445</u>	<u>33,542</u>	<u>31,384</u>	<u>174</u>	<u>-</u>	<u>94,917</u>
Fund balances										
Restricted for:										
Other purposes	<u>343,962</u>	<u>18,431</u>	<u>24,671</u>	<u>11,785</u>	<u>7,211</u>	<u>-</u>	<u>-</u>	<u>87,110</u>	<u>528,876</u>	<u>1,022,046</u>
Total liabilities and fund balance	<u>\$ 344,498</u>	<u>\$ 32,274</u>	<u>\$ 24,671</u>	<u>\$ 17,778</u>	<u>\$ 16,656</u>	<u>\$ 33,542</u>	<u>\$ 31,384</u>	<u>\$ 87,284</u>	<u>\$ 528,876</u>	<u>\$ 1,116,963</u>

See notes to financial statements.

HAMILTON COUNTY, FLORIDA

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

For the Year Ended September 30, 2017

	<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	\$ -	\$ -	\$ -	\$ 31,040	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,040
Intergovernmental revenues	-	-	350,000	-	-	-	148,883	-	47,602	546,485
Charges for services	-	-	-	-	16,264	221,294	-	43,962	161,540	443,060
Fines and forfeitures	52,703	-	-	-	34,720	218,186	-	-	-	305,609
Interest	1,179	-	617	43	-	208	-	115	556	2,718
Miscellaneous	-	-	69	10,000	-	-	851	-	-	10,920
Total revenues	<u>53,882</u>	<u>-</u>	<u>350,686</u>	<u>41,083</u>	<u>50,984</u>	<u>439,688</u>	<u>149,734</u>	<u>44,077</u>	<u>209,698</u>	<u>1,339,832</u>
Expenditures										
Current										
General government	-	-	-	-	31,923	-	-	-	-	31,923
Public safety	47,418	-	-	-	-	-	172,176	41,620	142,417	403,631
Economic environment	-	2,500	190,210	41,236	-	-	-	-	-	233,946
Court related	-	-	-	-	-	461,649	-	-	-	461,649
Capital outlay	-	-	-	-	7,245	610	16,410	25,420	-	49,685
Debt service										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>47,418</u>	<u>2,500</u>	<u>190,210</u>	<u>41,236</u>	<u>39,168</u>	<u>462,259</u>	<u>188,586</u>	<u>67,040</u>	<u>142,417</u>	<u>1,180,834</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, 2017

	<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>
Excess (deficiency) of revenues over expenditures	<u>\$ 6,464</u>	<u>\$ (2,500)</u>	<u>\$ 160,476</u>	<u>\$ (153)</u>	<u>\$ 11,816</u>	<u>\$ (22,571)</u>	<u>\$ (38,852)</u>	<u>\$ (22,963)</u>	<u>\$ 67,281</u>	<u>\$ 158,998</u>
Other financing sources (uses)										
Interfund transfers in	-	20,931	-	-	-	22,571	38,852	-	-	82,354
Interfund transfers out	-	-	-	-	(16,046)	-	-	-	-	(16,046)
Transfers out to Constitutional Officers	<u>(33,325)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,325)</u>
Total other financing sources (uses)	<u>(33,325)</u>	<u>20,931</u>	<u>-</u>	<u>-</u>	<u>(16,046)</u>	<u>22,571</u>	<u>38,852</u>	<u>-</u>	<u>-</u>	<u>32,983</u>
Net change in fund balances	(26,861)	18,431	160,476	(153)	(4,230)	-	-	(22,963)	67,281	191,981
Fund balances at beginning 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>
Fund balances at end of year	<u>\$ 343,962</u>	<u>\$ 18,431</u>	<u>\$ 24,671</u>	<u>\$ 11,785</u>	<u>\$ 7,211</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,110</u>	<u>\$ 528,876</u>	<u>\$ 1,022,046</u>

HAMILTON COUNTY, FLORIDA

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

September 30, 2017

	Agency Funds											
	<u>Fair</u>	<u>Crossroads</u>	<u>Belleville</u>	<u>Registry</u>	<u>Bond</u>	<u>Clerk's</u>	<u>Child</u>	<u>Sheriff's</u>	<u>Inmate</u>	<u>Tax Collector's</u>	<u>Supervisor's</u>	
	<u>Association</u>	<u>Fire Department</u>	<u>Fire Department</u>	<u>of Courts</u>	<u>Estreatures</u>	<u>Trust</u>	<u>Support</u>	<u>Trust</u>	<u>Trust</u>	<u>Trust</u>	<u>Trust</u>	<u>Totals</u>
Assets												
Cash	\$ 38,452	\$ 10,997	\$ 9,275	\$ 39,665	\$ 130,144	\$ 464,899	\$ -	\$ 3,638	\$ 4,736	\$ 128,682	\$ 10	\$ 830,498
Due from others	-	-	-	-	-	-	-	4,402	-	-	-	4,402
Total assets	<u>38,452</u>	<u>10,997</u>	<u>9,275</u>	<u>39,665</u>	<u>130,144</u>	<u>464,899</u>	<u>-</u>	<u>8,040</u>	<u>4,736</u>	<u>128,682</u>	<u>10</u>	<u>834,900</u>
Liabilities												
Interfund payables	-	-	-	-	-	28,234	-	-	-	1,023	10	29,267
Due to other govt. units	-	-	-	-	-	289,641	-	-	-	124,107	-	413,748
Other current liabilities										-		
Due to others	<u>38,452</u>	<u>10,997</u>	<u>9,275</u>	<u>39,665</u>	<u>130,144</u>	<u>147,024</u>	<u>-</u>	<u>8,040</u>	<u>4,736</u>	<u>3,552</u>	<u>-</u>	<u>391,885</u>
Total liabilities	<u>38,452</u>	<u>10,997</u>	<u>9,275</u>	<u>39,665</u>	<u>130,144</u>	<u>464,899</u>	<u>-</u>	<u>8,040</u>	<u>4,736</u>	<u>128,682</u>	<u>10</u>	<u>834,900</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>

HAMILTON COUNTY, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
FINE AND FORFEITURE FUND**

For the Year Ended September 30, 2017

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Budgetary/actual fund balance	\$ 303,760	\$ 368,682	\$ 370,823	\$ 2,141
Estimated receipts				
Fines and forfeits				
Judgments and fines	7,500	8,173	8,173	-
Other fines and/or forfeits	59,434	44,531	44,530	(1)
Miscellaneous revenues				
Interest	<u>1,000</u>	<u>1,179</u>	<u>1,179</u>	<u>-</u>
Total estimated receipts and balances	<u>371,694</u>	<u>422,565</u>	<u>424,705</u>	<u>2,140</u>
Appropriations				
Public safety				
Emergency and disaster relief services				
Operating expenditures	-	70,492	47,418	23,074
Other financing uses				
Interfund transfers out	-	9,325	33,325	(24,000)
Reserves	<u>371,694</u>	<u>342,748</u>	<u>-</u>	<u>342,748</u>
Total appropriations	<u>371,694</u>	<u>422,565</u>	<u>80,743</u>	<u>341,822</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 343,962</u>	<u>\$ 343,962</u>

HAMILTON COUNTY, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
CDBG HOUSING CONSTRUCTION FUND**

For the Year Ended September 30, 2017

	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	700,000	700,000	-	(700,000)
Other financing sources				
Interfund transfer in	-	-	20,931	20,931
Total revenues	<u>700,000</u>	<u>700,000</u>	<u>20,931</u>	<u>(679,069)</u>
Appropriations				
Economic environment				
Housing and urban development				
Operating expenditures	83,100	83,100	2,500	80,600
Grants and aids	<u>616,900</u>	<u>616,900</u>	-	<u>616,900</u>
Total housing and urban development	<u>700,000</u>	<u>700,000</u>	<u>2,500</u>	<u>697,500</u>
Other financing sources (uses)				
Interfund transfers out	-	-	-	-
Total appropriations	<u>700,000</u>	<u>700,000</u>	<u>2,500</u>	<u>697,500</u>
Budgetary fund balance at year end	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,431</u>	<u>\$ 18,431</u>

HAMILTON COUNTY, FLORIDA

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

For the Year Ended September 30, 2017

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balance	\$ 25,011	\$ 25,011	\$ (135,805)	\$ (160,816)
Estimated receipts				
Intergovernmental revenue				
Local Housing Assistance Program	350,000	350,000	350,000	-
Miscellaneous revenues				
Interest	100	100	617	517
Miscellaneous	-	-	69	69
Other financing sources				
Interfund transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total estimated receipts and balances	<u>375,111</u>	<u>375,111</u>	<u>214,881</u>	<u>(160,230)</u>
Appropriations				
Economic environment				
Housing and urban development				
Operating expenditures	<u>375,111</u>	<u>375,111</u>	<u>190,210</u>	<u>184,901</u>
Other financing uses				
Interfund transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total appropriations	<u>375,111</u>	<u>375,111</u>	<u>190,210</u>	<u>184,901</u>
Budgetary fund balance at year end	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,671</u>	<u>\$ 24,671</u>

HAMILTON COUNTY, FLORIDA

**BUDGETARY COMPARISON SCHEDULE
TOURIST DEVELOPMENT FUND**

For the Year Ended September 30, 2017

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Budgetary fund balance	\$ 24,935	\$ 153	\$ 11,938	\$ 11,785
Estimated receipts				
Taxes				
Local option tourist development tax	29,795	31,040	31,040	-
Miscellaneous revenues				
Interest	35	43	43	-
Other miscellaneous revenues	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total estimated receipts and balances	<u>54,765</u>	<u>41,236</u>	<u>53,021</u>	<u>11,785</u>
Appropriations				
Economic environment				
Industry development				
Personal services	-	-	-	-
Operating expenditures	-	41,236	41,236	-
Capital outlay	-	-	-	-
Grants and aids	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total industry development	<u>-</u>	<u>41,236</u>	<u>41,236</u>	<u>-</u>
Budgetary fund balance at year end	<u>\$ 54,765</u>	<u>\$ -</u>	<u>\$ 11,785</u>	<u>\$ 11,785</u>

COMPLIANCE SECTION

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable 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, 2017, 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 6, 2018.

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 6, 2018

HAMILTON COUNTY, FLORIDA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended September 30, 2017

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 <u>Subrecipients</u>	Ending Balance <u>9/30/2017</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	\$ -	\$ -	\$ -	\$ -	\$ -
Department of Homeland Security Florida Division of Emergency Management Emergency Management Performance Grants	97.042	17-FG-P9-03-34-01-097	43,734	-	19,239	19,239	-	-
United States Department of Health and Human Services Florida Department of Revenue Child Support Enforcement	93.563	COC24	244,163	-	244,163	244,163	-	-
Election Assistance Commission Florida Department of State Help America Vote Act	90.401	2015-2016-0001, 002	16,036	4,443	16,011	15,618	-	4,836
United States Department of Justice Florida Department of Law Enforcement Byrne JAG Program	16.738	2017-JAGC-HAMI-1-F9-169	<u>46,204</u>	<u>-</u>	<u>44,893</u>	<u>44,893</u>	<u>-</u>	<u>-</u>
Total federal assistance			<u>1,050,137</u>	<u>4,443</u>	<u>324,306</u>	<u>323,913</u>	<u>-</u>	<u>4,836</u>
State Financial Assistance								
Executive Office of the Governor Division of Emergency Management Emergency Management Programs	31.063	17-BG-83-03-34-01-030	105,806	-	98,802	98,802	-	-
Emergency Management Programs	31.063	18-BG-W9-03-34-01-070	<u>105,806</u>	<u>-</u>	<u>30,842</u>	<u>30,842</u>	<u>-</u>	<u>-</u>
Total Emergency Management Programs	31.063		<u>211,612</u>	<u>-</u>	<u>129,644</u>	<u>129,644</u>	<u>-</u>	<u>-</u>
Office of the State Courts Administrator Facilities Grant in Aid	22.004	Specific Appropriation 3247A	<u>-</u>	<u>191,584</u>	<u>94,886</u>	<u>94,886</u>	<u>-</u>	<u>96,698</u>
Department of Health Emergency Medical Services Matching Awards	64.003	R5027	<u>81,000</u>	<u>-</u>	<u>81,000</u>	<u>81,000</u>	<u>-</u>	<u>-</u>
Emergency Medical Services County Grant Awards	64.005	C6024	<u>18,435</u>	<u>-</u>	<u>18,435</u>	<u>18,435</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, 2017

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>9/30/2017</u>
Florida Department of Transportation								
County Incentive Grant Program	55.008	430742-1-58-01	\$ 1,021,609	\$ -	\$ 107,915	\$ 107,915	\$ -	\$ -
Vendor Agreement	-	436995-1-54-01	2,135,000	-	73,725	73,725	-	-
Small County Outreach Program	55.009	434570-1-58-01	1,554,000	-	93,248	93,248	-	-
Small County Outreach Program	55.009	437259-1-54-01	268,544	-	2,782	2,782	-	-
Small County Outreach Program	55.009	434328-1-54-01	700,000	-	60,541	60,541	-	-
Small County Outreach Program	55.009	432780-1-54-01	1,420,698	-	1,330,170	1,330,170	-	-
Small County Outreach Program	55.009	430697-1-58-01	3,780,965	-	988,974	988,974	-	-
Total Small County Outreach Program	55.009		7,724,207	-	2,475,715	2,475,715	-	-
Small County Road Assistance Program (SCRAP)	55.016	432766-1-54-01	445,530	-	8,310	8,310	-	-
Small County Road Assistance Program (SCRAP)	55.016	434585-1-54-01	2,710,200	-	231,584	231,584	-	-
Total Small County Road Assistance Program (SCRAP)	55.016		3,155,730	-	239,894	239,894	-	-
Florida Housing Finance Corporation								
State Housing Initiatives Partnership (SHIP) Program	40.901	-	350,000	(135,805)	350,000	190,210	-	23,985
Florida Department of Management Services								
Wireless 911 Emergency Telephone System	72.001	17-04-09	10,987	-	10,987	10,987	-	-
Wireless 911 Emergency Telephone System	72.001	13-10-11	36,614	-	36,614	36,614	-	-
Total Wireless 911 Emergency Telephone System	72.001		47,601	-	47,601	47,601	-	-
Florida Department of Environmental Protection								
Small County Consolidated Grants	37.012	SC713	90,909	-	90,909	90,909	-	-
Florida Department of State and Secretary of State								
State Aid to Libraries	45.030	17-ST-79/L1724-1	264,399	-	264,399	264,399	-	-
Total state financial assistance			15,100,502	55,779	3,974,123	3,814,333	-	120,683
Total financial assistance			\$ 16,150,639	\$ 60,222	\$ 4,298,429	\$ 4,138,246	\$ -	\$ 125,519

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, 2017. The information in this Schedule is presented in accordance with Chapter 10.550, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of Hamilton County, Florida, it is not intended to and does not present the financial position, changes in net position, or cash flows of Hamilton County, Florida.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting for all governmental funds and accrual for the enterprise funds.

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.

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

To the Honorable Board of County Commissioners
Hamilton County, Florida

Report on Compliance for Each Major State Project

I have audited Hamilton County, Florida's compliance with the types of compliance requirements described in the Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the Hamilton County, Florida's major state projects for the year ended September 30, 2017. 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, 2017.

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 6, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - STATE PROJECTS

For the Year Ended September 30, 2017

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
Small County Road Assistance Program	55.016
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 the findings are required to be reported under *Rules of the Auditor General* 10.557.

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INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Board of County Commissioners
Hamilton County, Florida

I have examined Hamilton County, Florida's compliance with *Florida Statutes* 218.415 during the period October 1, 2016, to September 30, 2017. Management of Hamilton County is responsible for the County's compliance with the specified 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. Those standards require that I plan and perform the examination to obtain reasonable assurance about whether Hamilton County, Florida complied in all material respects with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Hamilton County complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on my judgement, including the assessment of the risks of material noncompliance, whether due to fraud or error. I believe that the evidence I obtained is sufficient and appropriate to provide a reasonable basis for my opinion.

My examination does not provide a legal determination on Hamilton County, Florida's compliance with the specified requirements.

In my opinion, Hamilton County, Florida, complied in all material respects, with the specified requirements indicated above during the period October 1, 2016, to September 30, 2017.



Kenneth M. Daniels
Certified Public Accountant
June 6, 2018

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INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable Board of County Commissioners
Hamilton County, Florida

I have examined Hamilton County, Florida's compliance with *Florida Statutes* 365.172(10) and 365.173(2)(d) October 1, 2016, to September 30, 2017. Management of Hamilton County is responsible for the County's compliance with the specified 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. Those standards require that I plan and perform the examination to obtain reasonable assurance about whether Hamilton County, Florida complied in all material respects with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Hamilton County complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on my judgement, including the assessment of the risks of material noncompliance, whether due to fraud or error. I believe that the evidence I obtained is sufficient and appropriate to provide a reasonable basis for my opinion.

My examination does not provide a legal determination on Hamilton County, Florida's compliance with the specified requirements.

In my opinion, Hamilton County, Florida, complied in all material respects, with the specified requirements indicated above during the period October 1, 2016, to September 30, 2017.



Kenneth M. Daniels
Certified Public Accountant
June 6, 2018

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MANAGEMENT LETTER

To the Honorable Board of County Commissioners
Hamilton County, Florida

Report on the Financial Statements

I have audited the financial statements of Hamilton County, Florida, as of and for the fiscal year ended September 30, 2017, and have issued my report thereon dated June 6, 2018.

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 Reporting Requirements

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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550 *Rules of the Auditor General*. Disclosures in those reports and schedule, which is dated June 6, 2018, 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

There were no current year findings.

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 and Management

Section 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, requires me to apply appropriate procedures and communicate 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 to identify 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, 2017.

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

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, 2017, 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, 2017. 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, if appropriate, that I communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide 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 did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b) *Florida Statutes*. (I determined that there were no applicable special district component units and, therefore, nothing to report.)

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires me to communicate 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 6, 2018

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INDEPENDENT AUDITOR'S REPORT

Honorable Clerk of the Circuit Court
Hamilton County, Florida

Report on the Financial Statements

I have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Hamilton County Clerk of the Circuit Court, as of and for the year ended September 30, 2017, 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, 2017, 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, 2017, 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 6, 2018, 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 on 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 6, 2018

FINANCIAL STATEMENTS

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

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2017

	General <u>Fund</u>	Public Records Modernization <u>Trust Fund</u>	Fine & Forfeiture <u>Fund</u>	Total Governmental <u>Funds</u>
Assets				
Cash	\$ 77,453	\$ 16,656	\$ 33,257	\$ 127,366
Accounts receivable	-	-	285	285
Due from other funds	2,698	-	-	2,698
Due from other governmental units				
State of Florida	<u>79,748</u>	<u>-</u>	<u>-</u>	<u>79,748</u>
Total assets	<u>\$ 159,899</u>	<u>\$ 16,656</u>	<u>\$ 33,542</u>	<u>\$ 210,097</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 182	\$ 9,445	\$ 146	\$ 9,773
Due to other funds	-	-	2,698	2,698
Due to other governmental units				
Due to HCBCC - General Fund	158,940	-	1,089	160,029
Due to State of Florida	-	-	29,609	29,609
Other current liabilities	<u>777</u>	<u>-</u>	<u>-</u>	<u>777</u>
Total liabilities	<u>159,899</u>	<u>9,445</u>	<u>33,542</u>	<u>202,886</u>
Fund balances				
Restricted - public records modernization	<u>-</u>	<u>7,211</u>	<u>-</u>	<u>7,211</u>
Total liabilities and fund balances	<u>\$ 159,899</u>	<u>\$ 16,656</u>	<u>\$ 33,542</u>	<u>\$ 210,097</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, 2017

	General <u>Fund</u>	Public Records Modernization <u>Trust Fund</u>	Fine & Forfeiture <u>Fund</u>	Total Governmental <u>Funds</u>
Revenues				
Intergovernmental revenue				
Federal grant	\$ 244,164	\$ -	\$ -	\$ 244,164
Charges for services				
General government	34,835	16,264	-	51,099
Court related	-	-	221,294	221,294
Fines and forfeits				
Fines	-	34,720	218,186	252,906
Miscellaneous				
Interest	647	-	208	855
Other miscellaneous	10,457	-	-	10,457
Total revenues	<u>290,103</u>	<u>50,984</u>	<u>439,688</u>	<u>780,775</u>
Expenditures				
Current				
General government				
Financial and administrative				
Personal services	362,258	-	-	362,258
Operating expenditures	41,240	-	-	41,240
Other general governmental services				
Personal services	54,346	-	-	54,346
Operating expenditures	16,773	31,923	-	48,696
Court related expenditures				
General administration				
Clerk of Court administration (604)				
Personal services	-	-	140,021	140,021
Operating expenditures	-	-	5,523	5,523
Jury management (608)				
Personal services	-	-	3,641	3,641
Operating expenditures	-	-	8,859	8,859
Circuit Court - Criminal (614)				
Clerk of Court				
Personal services	-	-	57,694	57,694
Operating expenditures	-	-	3,120	3,120
Expert Witness Fees				
Operating expenditures	-	-	651	651
Circuit Court - Civil				
Clerk of Court				
Personal services	-	-	21,111	21,111
Operating expenditures	-	-	1,246	1,246
Circuit Court - Family				
Clerk of Court				
Personal services	-	-	36,827	36,827
Operating expenditures	-	-	1,742	1,742
Circuit Court - Juvenile				
Clerk of Court				
Personal services	-	-	31,839	31,839
Operating expenditures	-	-	1,786	1,786

(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, 2017

	General <u>Fund</u>	Public Records Modernization <u>Trust Fund</u>	Fine & Forfeiture <u>Fund</u>	Total Governmental <u>Funds</u>
Expenditures - Court related (continued)				
Circuit Court - Probate				
Clerk of Court				
Personal services	\$ -	\$ -	\$ 5,147	\$ 5,147
Operating expenditures	-	-	293	293
County Court - Criminal				
Clerk of Court				
Personal services	-	-	36,104	36,104
Operating expenditures	-	-	1,826	1,826
County Court - Civil				
Clerk of Court				
Personal services	-	-	22,789	22,789
Operating expenditures	-	-	1,289	1,289
County Court - Traffic				
Clerk of Court				
Personal services	-	-	76,074	76,074
Operating expenditures	-	-	4,067	4,067
Capital outlay				
General government				
Financial and administrative	2,080	-	-	2,080
Other general governmental services	195	7,245	-	7,440
Court related expenditures				
General administration				
Clerk of Court administration	-	-	610	610
Total expenditures	<u>476,892</u>	<u>39,168</u>	<u>462,259</u>	<u>978,319</u>
Excess (deficiency) of revenues over expenditures	<u>(186,789)</u>	<u>11,816</u>	<u>(22,571)</u>	<u>(197,544)</u>
Other financing sources in (out)				
Interfund transfer HCBCC	193,314	-	-	193,314
Interfund transfer Clerk's GF	-	-	22,571	22,571
Interfund transfer Clerk's F&F	<u>(6,525)</u>	<u>(16,046)</u>	<u>-</u>	<u>(22,571)</u>
Net other financing sources in (out)	<u>186,789</u>	<u>(16,046)</u>	<u>22,571</u>	<u>193,314</u>
Net change in fund balances	-	(4,230)	-	(4,230)
Fund balances at beginning of year	<u>-</u>	<u>11,441</u>	<u>-</u>	<u>11,441</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 7,211</u>	<u>\$ -</u>	<u>\$ 7,211</u>

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

**STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS**

September 30, 2017

Assets	
Cash	<u>\$ 634,707</u>
Liabilities and net position	
Due to other governmental units	
HCBCC	28,235
State of Florida	286,370
Municipalities	2,060
Hamilton County School Board	1,212
Due to others	
Deposits	39,537
Due to individuals/others	147,022
Interest payable	127
Cash bond liability	<u>130,144</u>
Total liabilities	<u>634,707</u>
Net position	<u><u>\$ -</u></u>

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

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, 2017, the Clerk was owed the following amounts:

<u>Fund</u>	<u>State of Florida</u>	<u>Description</u>
General	\$ 79,748	Child Support Enforcement Grant
Fine and Forfeiture	285	Miscellaneous
Total	<u>\$ 80,033</u>	

E. Inventories

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

F. Capital Assets

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

G. Due to Other Governments

Based on the legal opinion provided by Clerks of Court Operations Corporation general counsel on 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, 2017, this balance was \$26,609 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, 2017, into the Clerk's General Fund are as follows:

Interfund balances and Activity

Due (to)/from other funds

Clerk's General Fund	\$	2,698
Fine & Forfeiture		2,698

Budgetary transfers from BCC

General Fund	\$	<u>193,314</u>
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Transfer in (out)

Major Funds

Clerk's General Fund	\$	(6,525)
Public Records Modernization Trust		(16,046)
Fine & Forfeiture		22,571

REQUIRED SUPPLEMENTARY INFORMATION

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

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenue				
Federal grant	\$ 178,000	\$ 178,000	\$ 244,164	\$ 66,164
Charges for services				
General government	31,300	31,300	34,835	3,535
Miscellaneous				
Interest	200	200	647	447
Other miscellaneous	<u>15,500</u>	<u>15,500</u>	<u>10,457</u>	<u>(5,043)</u>
Total revenues	<u>225,000</u>	<u>225,000</u>	<u>290,103</u>	<u>65,103</u>
Expenditures				
General government				
Financial and administrative				
Personal services	362,259	362,259	362,258	1
Operating expenditures	41,238	41,238	41,240	(2)
Capital outlay	<u>2,080</u>	<u>2,080</u>	<u>2,080</u>	<u>-</u>
Total financial and administrative	<u>405,577</u>	<u>405,577</u>	<u>405,578</u>	<u>(1)</u>
Other general government services				
Personal services	54,347	54,347	54,346	1
Operating expenditures	16,773	16,773	16,773	-
Capital outlay	195	195	195	-
Other uses	<u>55,333</u>	<u>55,333</u>	<u>-</u>	<u>55,333</u>
Total financial and administrative	<u>126,648</u>	<u>126,648</u>	<u>71,314</u>	<u>55,334</u>
Total expenditures	<u>532,225</u>	<u>532,225</u>	<u>476,892</u>	<u>55,333</u>
Excess (deficiency) of revenues over expenditures	<u>(307,225)</u>	<u>(307,225)</u>	<u>(186,789)</u>	<u>120,436</u>
Other financing sources (uses)				
Interfund transfer in - HCBCC	307,225	307,225	193,314	(113,911)
Interfund transfer out - Clerk's F&F	<u>-</u>	<u>-</u>	<u>(6,525)</u>	<u>(6,525)</u>
Total other financing sources (uses)	<u>307,225</u>	<u>307,225</u>	<u>186,789</u>	<u>(120,436)</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, beginning	\$ -	\$ -	\$ 11,441	\$ 11,441
Resources (inflows)				
Charges for services				
General government	17,000	17,000	16,264	(736)
Judgments, fines, and forfeits				
Fines	30,000	30,000	34,720	4,720
Miscellaneous revenues				
Interest	-	-	-	-
Total amounts available for appropriation	<u>\$ 47,000</u>	<u>\$ 47,000</u>	<u>\$ 62,425</u>	<u>\$ 15,425</u>
Charges to appropriations (outflows)				
General government				
Operating expenditures	\$ 25,000	\$ 25,000	\$ 31,922	\$ (6,922)
Capital outlay	7,000	7,000	7,245	(245)
Other uses	<u>15,000</u>	<u>15,000</u>	<u>16,046</u>	<u>(1,046)</u>
Total general government	47,000	47,000	55,213	(8,213)
Budgeted/ending reserves	-	-	-	-
Total appropriations and reserves	<u>\$ 47,000</u>	<u>\$ 47,000</u>	<u>\$ 55,213</u>	<u>\$ (8,213)</u>

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

BUDGETARY COMPARISON SCHEDULE - FINE AND FORFEITURE FUND

For the Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenue				
General government	\$ 60,977	\$ 60,977	\$ -	\$ (60,977)
Charges for services				
Court related	239,922	239,922	221,294	(18,628)
Judgments, fines, and forfeits				
Fines	96,000	96,000	218,186	122,186
Miscellaneous				
Interest	-	-	208	208
Other miscellaneous	-	-	-	-
Total revenues	<u>396,899</u>	<u>396,899</u>	<u>439,688</u>	<u>42,789</u>
Expenditures				
Court related expenditures				
General administration				
Clerk of Court administration				
Personal services	139,371	139,371	140,021	(650)
Operating expenditures	3,872	3,872	5,523	(1,651)
Capital outlay	-	-	610	(610)
Jury management				
Personal services	3,599	3,599	3,641	(42)
Operating expenditures	6,350	6,350	8,859	(2,509)
Circuit Court - Criminal				
Clerk of Court				
Personal services	53,832	53,832	57,694	(3,862)
Operating expenditures	2,000	2,000	3,120	(1,120)
Expert Witness Fees				
Operating expenditures	-	-	651	(651)
Circuit Court - Civil				
Clerk of Court				
Personal services	17,396	17,396	21,111	(3,715)
Operating expenditures	2,000	2,000	1,246	754
Circuit Court - Family				
Clerk of Court				
Personal services	31,077	31,077	36,827	(5,750)
Operating expenditures	1,000	1,000	1,742	(742)
Circuit Court - Juvenile				
Clerk of Court				
Personal services	33,850	33,850	31,839	2,011
Operating expenditures	800	800	1,786	(986)
Circuit Court - Probate				
Clerk of Court				
Personal services	4,463	4,463	5,147	(684)
Operating expenditures	500	500	293	207

(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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures - Court related (continued)				
County Court - Criminal				
Clerk of Court				
Personal services	\$ 35,300	\$ 35,300	\$ 36,104	\$ (804)
Operating expenditures	2,000	2,000	1,826	174
County Court - Civil				
Clerk of Court				
Personal services	21,200	21,200	22,789	(1,589)
Operating expenditures	1,000	1,000	1,289	(289)
County Court - Traffic				
Clerk of Court				
Personal services	80,057	80,057	76,074	3,983
Operating expenditures	<u>2,000</u>	<u>2,000</u>	<u>4,067</u>	<u>(2,067)</u>
Total expenditures	<u>441,667</u>	<u>441,667</u>	<u>462,259</u>	<u>(20,592)</u>
Excess (deficiency) of revenues over expenditures	(44,768)	(44,768)	(22,571)	22,197
Other financing sources (uses)				
Interfund transfer in	<u>44,768</u>	<u>44,768</u>	<u>22,571</u>	<u>(22,197)</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, 2017

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, 2017.

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	\$ 62,425
Adjustments	
Budgetary fund balances are available for appropriation but are not considered revenue for GAAP reporting	<u>(11,441)</u>
Total revenues reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 50,984</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, 2017

	Agency Funds				
	<u>Registry of Courts</u>	<u>Bond Estreatures</u>	<u>Clerk's Trust</u>	<u>Child Support</u>	<u>Totals</u>
Assets					
Cash	<u>\$ 39,664</u>	<u>\$ 130,144</u>	<u>\$ 464,899</u>	<u>\$ -</u>	<u>\$ 634,707</u>
Liabilities and net position					
Due to other governmental units					
HCBCC	-	-	28,235	-	28,235
State of Florida	-	-	286,370	-	286,370
Municipalities	-	-	2,060	-	2,060
Hamilton County School Board	-	-	1,212	-	1,212
Due to others					
Deposits	39,537	-	-	-	39,537
Due to individuals/others	-	-	147,022	-	147,022
Interest payable	127	-	-	-	127
Cash bond liability	<u>-</u>	<u>130,144</u>	<u>-</u>	<u>-</u>	<u>130,144</u>
Total liabilities	<u>39,664</u>	<u>130,144</u>	<u>464,899</u>	<u>-</u>	<u>634,707</u>
Net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COMPLIANCE SECTION

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hamilton County Clerk of the Circuit Court, as of and for the year ended September 30, 2017, 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 6, 2018.

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.

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

Kenneth M. Daniels
Certified Public Accountant
June 6, 2018

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT ACCOUNTANT'S REPORT

Honorable Clerk of the Circuit Court
Hamilton County, Florida

I have examined the Hamilton County Clerk of the Circuit Court's compliance with *Florida Statutes* 218.415 during the period October 1, 2016, to September 30, 2017. Management of the Hamilton County Clerk of the Circuit Court is responsible for the Clerk of the Circuit Court's compliance with the specified 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. Those standards require that I plan and perform the examination to obtain reasonable assurance about whether Hamilton County Clerk of the Circuit Court complied in all material respects with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Hamilton County Clerk of the Circuit Court complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on my judgement, including the assessment of the risks of material noncompliance, whether due to fraud or error. I believe that the evidence I obtained is sufficient and appropriate to provide a reasonable basis for my opinion.

My examination does not provide a legal determination on Hamilton County Clerk of the Circuit Court's compliance with the specified requirements.

In my opinion, the Hamilton County Clerk of the Circuit Court complied in all material respects, with the specified requirements indicated above during the period October 1, 2016, to September 30, 2017.



Kenneth M. Daniels
Certified Public Accountant
June 6, 2018

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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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 period October 1, 2016, to September 30, 2017. Management of the Hamilton County Clerk of the Circuit Court is responsible for the Clerk of the Circuit Court's compliance with the specified 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. Those standards require that I plan and perform the examination to obtain reasonable assurance about whether Hamilton County Clerk of the Circuit Court complied in all material respects with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Hamilton County Clerk of the Circuit Court complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on my judgement, including the assessment of the risks of material noncompliance, whether due to fraud or error. I believe that the evidence I obtained is sufficient and appropriate to provide a reasonable basis for my opinion.

My examination does not provide a legal determination on Hamilton County Clerk of the Circuit Court's compliance with the specified requirements.

In my opinion, the Hamilton County Clerk of the Circuit Court complied in all material respects, with the specified requirements indicated above during the period October 1, 2016, to September 30, 2017.



Kenneth M. Daniels
Certified Public Accountant
June 6, 2018

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INDEPENDENT ACCOUNTANT'S REPORT

Honorable Clerk of the Circuit Court
Hamilton County, Florida

I have examined the Hamilton County Clerk of the Circuit Court's compliance with *Florida Statutes* 61.181 period October 1, 2016, to September 30, 2017. Management of the Hamilton County Clerk of the Circuit is responsible for the Clerk of the Circuit Court's compliance with the specified 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. Those standards require that I plan and perform the examination to obtain reasonable assurance about whether Hamilton County Clerk of the Circuit Court complied in all material respects with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Hamilton County Clerk of the Circuit Court complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on my judgement, including the assessment of the risks of material noncompliance, whether due to fraud or error. I believe that the evidence I obtained is sufficient and appropriate to provide 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 specified requirements.

In my opinion, the Hamilton County Clerk of the Circuit Court complied in all material respects, with the specified requirements indicated above during the period October 1, 2016, to September 30, 2017.



Kenneth M. Daniels
Certified Public Accountant
June 6, 2018

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MANAGEMENT LETTER

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

Report on the Financial Statements

I have audited the financial statements of the Hamilton County Clerk of the Circuit Court, as of and for the fiscal year ended September 30, 2017, and have issued my report thereon dated June 6, 2018.

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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550 *Rules of the Auditor General*. Disclosures in those reports, which are dated June 6, 2018, 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.

Financial Management

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

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires me to communicate 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 note 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 Hamilton County Clerk of the Circuit Court, 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 Account
June 6, 2018

KENNETH M. DANIELS
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INDEPENDENT AUDITOR'S REPORT

Honorable Property Appraiser
Hamilton County, Florida

Report on the Financial Statements

I have audited the accompanying financial statements of the major fund of the Hamilton County Property Appraiser, as of and for the year ended September 30, 2017, 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 for the Hamilton County Property Appraiser, as of September 30, 2017, 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, 2017, 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 6, 2018, 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 6, 2018

FINANCIAL STATEMENTS

**HAMILTON COUNTY, FLORIDA
PROPERTY APPRAISER**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2017

General Fund

Assets

Cash

\$ 46,376

Liabilities, deferred inflows of resources, and fund balance

Liabilities

Due to other governmental units

Hamilton County Board of County Commissioners

46,376

Fund balance - unassigned

-

Total liabilities, deferred inflows, and fund balance

\$ 46,376

**HAMILTON COUNTY, FLORIDA
PROPERTY APPRAISER**

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

For the Year Ended September 30, 2017

	<u>General Fund</u>
Expenditures	
General Government Services	
Personal services	
Executive salaries	\$ 97,613
Regular salaries	223,781
Other salaries and wages	19,770
Special pay	7,507
FICA taxes	25,124
Retirement - official	12,746
Retirement employees	13,750
Retirement DROP	5,634
Life and health insurance	62,485
Total personal services	<u>468,410</u>
Operating expenditures	
Professional services - appraisals	37,566
Professional services - legal	1,421
Professional services - appraisals	11,000
Professional services - other	22,210
Travel	6,325
Communications	4,992
Postage	3,139
Freight	500
Rentals and leases	2,580
Repair and maintenance	35,194
Repair and maintenance - vehicle	1,649
Repair and maintenance - office equipment	2,930
Other current charges	3,238
Other current charges - ads	670

(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, 2017

	<u>General Fund</u>
(Operating expenditures continued)	
Office supplies	\$ 14,846
Data processing	4,900
Books and memberships	2,549
Association dues	<u>4,578</u>
Total operating expenditures	<u>160,287</u>
 Capital outlay	
Equipment	<u>-</u>
 Total expenditures	<u>628,697</u>
 Excess (deficiency) of revenues over expenditures	<u>(628,697)</u>
 Other financing sources (uses)	
Interfund transfers - HCBCC	<u>628,697</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**

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

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.

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, 2017, were as follows:

<u>\$628,697</u>	Budgetary transfers
------------------	---------------------

REQUIRED SUPPLEMENTARY INFORMATION

**HAMILTON COUNTY, FLORIDA
PROPERTY APPRAISER**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended September 30, 2017

	<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	479,985	479,985	468,410	11,575
Operating expenditures	172,458	172,458	160,287	12,171
Capital Outlay	-	-	-	-
Other uses	<u>8,000</u>	<u>8,000</u>	<u>-</u>	<u>8,000</u>
Total expenditures	<u>660,443</u>	<u>660,443</u>	<u>628,697</u>	<u>31,746</u>
Excess (deficiency) of revenues over expenditures	<u>(660,443)</u>	<u>(660,443)</u>	<u>(628,697)</u>	<u>31,746</u>
Other financing sources (uses)				
Transfers from HCBCC General Fund	<u>660,443</u>	<u>660,443</u>	<u>628,697</u>	<u>(31,746)</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, 2017

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, 2017. (Amendment was within object level code.)

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

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

To the Honorable Property Appraiser
Hamilton County, Florida

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hamilton County Property Appraiser, as of and for the year ended September 30, 2017, 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 6, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Kenneth M. Daniels
Certified Public Accountant
June 6, 2018

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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 October 1, 2016, to September 30, 2017. Management of the Hamilton County Property Appraiser is responsible for the Property Appraiser's compliance with the specified requirements. My responsibility is to express an opinion on 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. Those standards require that I plan and perform the examination to obtain reasonable assurance about whether Hamilton County Property Appraiser complied in all material respects with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Hamilton County Property Appraiser complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on my judgement, including the assessment of the risks of material noncompliance, whether due to fraud or error. I believe that the evidence I obtained is sufficient and appropriate to provide a reasonable basis for my opinion.

My examination does not provide a legal determination on Hamilton County Property Appraiser's compliance with the specified requirements.

In my opinion, the Hamilton County Property Appraiser complied in all material respects, with the specified requirements indicated above during the period October 1, 2016, to September 30, 2017.



Kenneth M. Daniels
Certified Public Accountant
June 6, 2018

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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, 2017, and have issued my report thereon dated June 6, 2018.

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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550 *Rules of the Auditor General*. Disclosures in those reports, which are dated June 6, 2018, 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.

Financial Management

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

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires me to communicate 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 note 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.



Kenneth M. Daniels
Certified Public Account
June 6, 2018

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INDEPENDENT AUDITOR'S REPORT

Honorable Sheriff
Hamilton County, Florida

Report on the Financial Statements

I have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Hamilton County Sheriff, as of and for the year ended September 30, 2017, 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, 2017, 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, 2017, 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 6, 2018, 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 6, 2018

FINANCIAL STATEMENTS

**HAMILTON COUNTY, FLORIDA
SHERIFF**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2017

	<u>General Fund</u>	<u>Emergency Management Fund</u>	<u>Inmate Welfare Fund</u>	<u>911 Communications Fund</u>	<u>Total Governmental Funds</u>
Assets					
Current assets					
Cash	\$ 7,472	\$ -	\$ 84,175	\$ 497,491	\$ 589,138
Accounts receivable	197	31	3,109	1	3,338
Interfund receivables					
Emergency Management Fund	-	-	-	31,384	31,384
Due from other governmental units					
HCBCC	17,921	511	-	-	18,432
State of Florida	-	30,842	-	-	30,842
Prepaid items	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,000</u>
Total assets	<u><u>\$ 105,590</u></u>	<u><u>\$ 31,384</u></u>	<u><u>\$ 87,284</u></u>	<u><u>\$ 528,876</u></u>	<u><u>\$ 753,134</u></u>
Liabilities and Fund Balances					
Liabilities					
Current liabilities					
Accounts payable	\$ 9,585	\$ -	\$ -	\$ -	\$ 9,585
Interfund payables					
911 Commx	-	31,384	-	-	31,384
Due to other governmental units					
HCBCC - General Fund	95,437	-	-	-	95,437
Other current liabilities	<u>568</u>	<u>-</u>	<u>174</u>	<u>-</u>	<u>742</u>
Total liabilities	<u><u>105,590</u></u>	<u><u>31,384</u></u>	<u><u>174</u></u>	<u><u>-</u></u>	<u><u>137,148</u></u>
Fund balances					
Restricted for:					
Other purposes	<u>-</u>	<u>-</u>	<u>87,110</u>	<u>528,876</u>	<u>615,986</u>
Total liabilities and fund balances	<u><u>\$ 105,590</u></u>	<u><u>\$ 31,384</u></u>	<u><u>\$ 87,284</u></u>	<u><u>\$ 528,876</u></u>	<u><u>\$ 753,134</u></u>

**HAMILTON COUNTY, FLORIDA
SHERIFF**

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

For the Year Ended September 30, 2017

	<u>General Fund</u>	<u>Emergency Management Fund</u>	<u>Inmate Welfare Fund</u>	<u>911 Communications Fund</u>	<u>Total Governmental Funds</u>
Revenues					
Intergovernmental	\$ -	\$ 148,883	\$ -	\$ 47,602	\$ 196,485
Charges for services	-	-	43,962	161,540	205,502
Fines and forfeits	-	-	-	-	-
Interest	-	-	115	556	671
Miscellaneous revenues	<u>216,639</u>	<u>851</u>	<u>-</u>	<u>-</u>	<u>217,490</u>
Total revenues	<u>216,639</u>	<u>149,734</u>	<u>44,077</u>	<u>209,698</u>	<u>620,148</u>
Expenditures					
Current					
Public safety					
Law enforcement					
Personal services	1,767,456	-	-	-	1,767,456
Operating expenditures	444,742	-	-	-	444,742
Corrections					
Personal services	1,709,235	-	-	-	1,709,235
Operating expenditures	499,170	-	41,620	-	540,790
Emergency services					
Emergency management					
Personal services	-	118,231	-	-	118,231
Operating expenditures	-	47,617	-	-	47,617
911 Mapping					
Operating expenditures	-	6,328	-	-	6,328
Emergency communications					
Personal services	502,559	-	-	-	502,559
Operating expenditures	12,521	-	-	142,417	154,938
Courts - General Operations					
Courthouse security					
Personal services	28,323	-	-	-	28,323
Operating expenditures	1,840	-	-	-	1,840
Capital outlay					
Public safety					
Law enforcement					
Capital outlay	141,487	-	-	-	141,487
Corrections					
Capital outlay	19,841	-	25,420	-	45,261

(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, 2017

	<u>General Fund</u>	<u>Emergency Management Fund</u>	<u>Inmate Welfare Fund</u>	<u>911 Communications Fund</u>	<u>Total Governmental Funds</u>
Expenditures (continued)					
Emergency services					
Emergency Management					
Capital outlay	\$ 10,023	\$ 16,410	\$ -	\$ -	\$ 26,433
Emergency Commx					
Capital outlay	-	-	-	-	-
Total expenditures	<u>5,137,197</u>	<u>188,586</u>	<u>67,040</u>	<u>142,417</u>	<u>5,535,240</u>
Excess (deficiency) of revenues over expenditures	(4,920,558)	(38,852)	(22,963)	67,281	(4,915,092)
Other financing sources (uses)					
Transfers - Sheriff Operating	-	-	-	-	-
Transfers in HCBCC	<u>4,920,558</u>	<u>38,852</u>	-	-	<u>4,959,410</u>
Total other financing sources (uses)	<u>4,920,558</u>	<u>38,852</u>	-	-	<u>4,959,410</u>
Net change in fund balances	-	-	(22,963)	67,281	44,318
Fund balances at beginning of year	-	-	<u>110,073</u>	<u>461,595</u>	<u>571,668</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,110</u>	<u>\$ 528,876</u>	<u>\$ 615,986</u>

**HAMILTON COUNTY, FLORIDA
SHERIFF**

**STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS**

September 30, 2017

	<u>Agency Funds</u>
Assets	
Cash	\$ 8,374
Due from others	<u>4,402</u>
Total assets	<u>12,776</u>
Liabilities	
Other current liabilities	
Due to individuals/others	<u>12,776</u>
Total liabilities	<u>12,776</u>
Net position	<u>\$ -</u>

**HAMILTON COUNTY, FLORIDA
SHERIFF**

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

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, 2017, the Sheriff was owed the following amounts:

	General Fund	Emergency Management Fund	Inmate Welfare Fund	911 Communications Fund	Total
Accounts receivable - miscellaneous	\$ 197	\$ 31	\$ 3,109	\$ 1	\$ 3,338
HCBCC - fuel tax and grant reimbursement	17,921	511	-	-	18,432
State of Florida - grant payments	-	30,842	-	-	30,842
Totals	<u>\$ 18,118</u>	<u>\$ 31,384</u>	<u>\$ 3,109</u>	<u>\$ 1</u>	<u>\$ 52,612</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, 2017, was \$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			
911 Communication's Fund	\$ 31,384	\$ -	Interfund loan to fund grant expenditures
Emergency Management Fund	<u>-</u>	<u>31,384</u>	Interfund loan to fund grant expenditures
Totals	<u>\$ 31,384</u>	<u>\$ 31,384</u>	

During the year ended September 30, 2017, the Hamilton County Board of County Commissioners made budgetary transfers (which include budgeted transfers of grant reimbursements) of \$4,920,558 to the Sheriff's General Fund and \$38,852 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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Miscellaneous revenues	-	206,638	216,639	10,001
Total revenues	-	206,638	216,639	10,001
Expenditures				
Public safety				
Law enforcement				
Personal services	1,675,039	1,767,458	1,767,456	2
Operating expenditures	485,947	445,743	444,742	1,001
Capital outlay	-	145,042	141,487	3,555
Grants and aids	-	-	-	-
Other uses	10,000	-	-	-
Total law enforcement	2,170,986	2,358,243	2,353,685	4,558
Corrections				
Personal services	1,645,147	1,709,236	1,709,235	1
Operating expenditures	398,710	500,170	499,170	1,000
Capital outlay	-	23,400	19,841	3,559
Other uses	10,000	-	-	-
Total corrections	2,053,857	2,232,806	2,228,246	4,560
Emergency communications				
Personal services	517,837	502,560	502,559	1
Operating expenditures	15,000	13,520	12,521	999
Capital outlay	2,500	13,583	10,023	3,560
Total emergency communications	535,337	529,663	525,103	4,560
Total public safety	4,760,180	5,120,712	5,107,034	13,678
Courts - General Operations				
Courthouse security				
Personal services	29,676	28,324	28,323	1
Operating expenditures	1,750	1,842	1,840	2
Capital outlay	-	-	-	-
Total courthouse security	31,426	30,166	30,163	3
Total expenditures	4,791,606	5,150,878	5,137,197	13,681

(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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over expenditures	\$ (4,791,606)	\$ (4,944,240)	\$ (4,920,558)	\$ 23,682
Other financing sources (uses)				
Interfund transfers - Emerg Mgt.	-	-	-	-
Interfund transfers - HCBCC	<u>4,791,606</u>	<u>4,944,240</u>	<u>4,920,558</u>	<u>(23,682)</u>
Total other financing sources	<u>4,791,606</u>	<u>4,944,240</u>	<u>4,920,558</u>	<u>(23,682)</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, 2017

	<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	\$ 37,963	\$ 110,073	\$ 72,110
Revenues (inflows)				
Charges for services	26,500	43,962	43,962	-
Fines and forfeits	-	-	-	-
Interest	100	115	115	-
Miscellaneous revenues	-	-	-	-
Total amounts available for appropriation	<u>96,600</u>	<u>82,040</u>	<u>154,150</u>	<u>72,110</u>
Charges to appropriation (outflows)				
Corrections				
Operating expenditures	46,500	42,620	41,620	1,000
Capital outlay	20,000	26,420	25,420	1,000
Grants and aids	-	-	-	-
Other uses	<u>30,100</u>	<u>13,000</u>	<u>-</u>	<u>13,000</u>
Total charges to appropriations	<u>96,600</u>	<u>82,040</u>	<u>67,040</u>	<u>15,000</u>
Budgeted reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total appropriations and reserves	<u>96,600</u>	<u>82,040</u>	<u>67,040</u>	<u>15,000</u>
Budgetary fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,110</u>	<u>\$ 87,110</u>

**HAMILTON COUNTY, FLORIDA
SHERIFF**

BUDGETARY COMPARISON SCHEDULE - 911 COMMUNICATIONS

For the Year Ended September 30, 2017

	<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	\$ 150,000	\$ 461,595	\$ 311,595
Resources (inflows)				
Intergovernmental	44,250	97,602	47,602	(50,000)
Charges for services	46,760	111,541	161,540	49,999
Interest	<u>2,500</u>	<u>556</u>	<u>556</u>	<u>-</u>
Total amounts available for appropriation	<u>193,510</u>	<u>359,699</u>	<u>671,293</u>	<u>311,594</u>
Charges to appropriations (outflows)				
Emergency communications				
Operating expenditures	65,500	162,417	142,417	20,000
Capital outlay	28,000	10,000	-	10,000
Other uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charges to appropriations	<u>93,500</u>	<u>172,417</u>	<u>142,417</u>	<u>30,000</u>
Budgeted reserves	<u>100,010</u>	<u>187,282</u>	<u>-</u>	<u>(187,282)</u>
Total appropriations and reserves	<u>193,510</u>	<u>359,699</u>	<u>142,417</u>	<u>217,282</u>
Budgetary fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 528,876</u>	<u>\$ 528,876</u>

**HAMILTON COUNTY, FLORIDA
SHERIFF**

BUDGETARY COMPARISON SCHEDULE - EMERGENCY MANAGEMENT FUND

For the Year Ended September 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 149,289	\$ 149,109	\$ 148,883	\$ (226)
Miscellaneous	<u>-</u>	<u>625</u>	<u>851</u>	<u>226</u>
Total amounts available for appropriation	<u>149,289</u>	<u>149,734</u>	<u>149,734</u>	<u>-</u>
Expenditures				
Emergency services				
Emergency management				
Personal services	122,479	118,232	118,231	1
Operating expenditures	44,381	47,616	47,617	(1)
Capital outlay	<u>9,629</u>	<u>16,410</u>	<u>16,410</u>	<u>-</u>
Total emergency management	<u>176,489</u>	<u>182,258</u>	<u>182,258</u>	<u>-</u>
911 Mapping				
Operating expenditures	4,000	6,328	6,328	-
Capital outlay	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total 911 mapping	<u>6,500</u>	<u>6,328</u>	<u>6,328</u>	<u>-</u>
Total expenditures	<u>182,989</u>	<u>188,586</u>	<u>188,586</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(33,700)</u>	<u>(38,852)</u>	<u>(38,852)</u>	<u>-</u>
Other financing sources				
Interfund transfer in - HCBCC	33,700	38,852	38,852	-
Interfund transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>33,700</u>	<u>38,852</u>	<u>38,852</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**HAMILTON COUNTY, FLORIDA
SHERIFF**

NOTES TO BUDGETARY COMPARISON SCHEDULES

September 30, 2017

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.

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	\$ 154,150	\$ 671,293
Adjustments		
Budgetary fund balances are available for appropriation but are not considered revenue for GAAP reporting	<u>(110,073)</u>	<u>(461,595)</u>
Total revenues reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 44,077</u>	<u>\$ 209,698</u>

SUPPLEMENTARY INFORMATION

**HAMILTON COUNTY, FLORIDA
SHERIFF**

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

September 30, 2017

	<u>Agency Funds</u>		
	<u>Bond</u>	<u>Inmate</u>	<u>Totals</u>
	<u>Trust</u>	<u>Trust</u>	
Assets			
Cash	\$ 3,638	\$ 4,736	\$ 8,374
Due from others	<u>4,402</u>	<u>-</u>	<u>4,402</u>
Total assets	<u>8,040</u>	<u>4,736</u>	<u>12,776</u>
Liabilities			
Other current liabilities			
Due to individuals/others	<u>8,040</u>	<u>4,736</u>	<u>12,776</u>
Total liabilities	<u>8,040</u>	<u>4,736</u>	<u>12,776</u>
Net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COMPLIANCE SECTION

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

107 2nd Ave S.E.
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Sheriff
Hamilton County, Florida

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hamilton County Sheriff, as of and for the year ended September 30, 2017, 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 6, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Kenneth M. Daniels
Certified Public Accountant
June 6, 2018

KENNETH M. DANIELS
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INDEPENDENT ACCOUNTANT'S REPORT

Honorable Sheriff
Hamilton County, Florida

I have examined the Hamilton County Sheriff's compliance with *Florida Statutes* 218.415 during the period October 1, 2016, to September 30, 2017. Management of the Hamilton County Sheriff is responsible for the Sheriff's compliance with the specified requirements. My responsibility is to express an opinion on 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. Those standards require that I plan and perform the examination to obtain reasonable assurance about whether Hamilton County Sheriff complied in all material respects with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Hamilton County Sheriff complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on my judgement, including the assessment of the risks of material noncompliance, whether due to fraud or error. I believe that the evidence I obtained is sufficient and appropriate to provide a reasonable basis for my opinion.

My examination does not provide a legal determination on the Hamilton County Sheriff's compliance with the specified requirements.

In my opinion, the Hamilton County Sheriff complied in all material respects, with the specified requirements indicated above during the period October 1, 2016, to September 30, 2017.



Kenneth M. Daniels
Certified Public Accountant
June 6, 2018

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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MANAGEMENT LETTER

To the Honorable Sheriff
Hamilton County, Florida

Report on the Financial Statements

I have audited the financial statements of the Hamilton County Sheriff, as of and for the fiscal year ended September 30, 2017, and have issued my report thereon dated June 6, 2018.

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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550 *Rules of the Auditor General*. Disclosures in those reports, which are dated June 6, 2018, 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.

Financial Management

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

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires me to communicate 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 note 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 Hamilton County Sheriff, 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 6, 2018

KENNETH M. DANIELS
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INDEPENDENT AUDITOR'S REPORT

Honorable Supervisor of Elections
Hamilton County, Florida

Report on the Financial Statements

I have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Hamilton County Supervisor of Elections, as of and for the year ended September 30, 2017, 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, 2017, 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, 2017, 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 6, 2018, 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 6, 2018

FINANCIAL STATEMENTS

**HAMILTON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2017

	<u>General Fund</u>
Assets	
Cash	\$ <u>7,246</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>2,410</u>
Total liabilities	<u>2,410</u>
Deferred inflows of resources	
Deferred voter grant	<u>4,836</u>
Fund balance	
Unassigned	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 7,246</u>

**HAMILTON COUNTY, FLORIDA
SUPERVISOR OF ELECTIONS**

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

For the Year Ended September 30, 2017

	<u>General Fund</u>
Revenues	
Federal grants	
General government - voter education	\$ 15,618
Charges for services	
County Officer fees	<u>11,561</u>
Total revenues	<u>27,179</u>
Expenditures	
General Government Services	
Personal services	
Executive salaries	95,613
Regular salaries	28,920
Other salaries and wages - poll workers	12,985
Overtime	1,085
FICA taxes	9,372
Retirement	32,148
Life and health insurance	<u>18,681</u>
Total personal services	<u>198,804</u>
Operating expenditures	
Travel	3,147
Communications	9,045
Repair & maintenance	206
Other current charges	20,442
Other current charges	12,873
Other current charges	2,077
Other current charges	14,996
Office supplies	6,617
Dues	<u>3,904</u>
Total operating expenditures	<u>73,307</u>
Capital outlay	
Machinery and equipment	<u>5,868</u>
Total expenditures	<u>277,979</u>
Excess (deficiency) of revenues over expenditures	(250,800)
Other financing sources (uses)	
Interfund transfers HCBCC	264,866
Interfund transfers HCBCC	<u>(14,066)</u>
Total other financing sources (uses)	<u>250,800</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, 2017

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, 2017

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, 2017, due to the prepayment of the amount prior to being earned.

The deferred inflow of resources amount at September 30, 2017, was \$4,836.

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 \$264,866. 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, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues				
Federal grants				
General government - voter education	\$ -	\$ -	\$ 15,618	\$ 15,618
Charges for services				
County Officer fees	<u>-</u>	<u>-</u>	<u>11,561</u>	<u>11,561</u>
Total revenues	<u>-</u>	<u>-</u>	<u>27,179</u>	<u>27,179</u>
Expenditures				
General Government Services				
Personal services	212,007	201,210	198,804	2,406
Operating expenditures	44,150	77,623	73,307	4,316
Capital outlay	-	-	5,868	(5,868)
Other uses	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total expenditures	<u>257,657</u>	<u>280,333</u>	<u>277,979</u>	<u>2,354</u>
Excess (deficiency) of revenues over expenditures	<u>(257,657)</u>	<u>(280,333)</u>	<u>(250,800)</u>	<u>29,533</u>
Other financing sources (uses)				
Interfund transfers - HCBCC	257,657	280,333	264,866	(15,467)
Interfund transfers - HCBCC	<u>-</u>	<u>-</u>	<u>(14,066)</u>	<u>(14,066)</u>
Total other financing sources (uses)	<u>257,657</u>	<u>280,333</u>	<u>250,800</u>	<u>(29,533)</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, 2017

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 one supplemental budgetary appropriation for the year ended September 30, 2017.

NOTE 2. Budget Overexpenditure

Contrary to the legal level of budgetary control, the Supervisor expended \$5,868 greater than budgeted amount in the capital outlay, object classification.

COMPLIANCE SECTION

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

To the Honorable Supervisor of Elections
Hamilton County, Florida

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hamilton County Supervisor of Elections, as of and for the year ended September 30, 2017, 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 6, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Kenneth M. Daniels
Certified Public Accountant
June 6, 2018

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

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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 October 1, 2016, to September 30, 2017. Management of the Hamilton County Supervisor of Elections is responsible for the Supervisor of Elections' compliance with the specified requirements. My responsibility is to express an opinion on 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. Those standards require that I plan and perform the examination to obtain reasonable assurance about whether Hamilton County Supervisor of Elections complied in all material respects with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Hamilton County Supervisor of Elections complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on my judgement, including the assessment of the risks of material noncompliance, whether due to fraud or error. I believe that the evidence I obtained is sufficient and appropriate to provide a reasonable basis for my opinion.

My examination does not provide a legal determination on Hamilton County Supervisor of Elections' compliance with the specified requirements.

In my opinion, the Hamilton County Supervisor of Elections complied in all material respects, with the specified requirements indicated above during the period October 1, 2016, to September 30, 2017.



Kenneth M. Daniels
Certified Public Accountant
June 6, 2018

KENNETH M. DANIELS
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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, 2017, and have issued my report thereon dated June 6, 2018.

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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550 *Rules of the Auditor General*. Disclosures in those reports, which are dated June 6, 2018, 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.

Financial Management

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

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires me to communicate 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 note 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 Hamilton County Supervisor of Elections, 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 Account
June 6, 2018

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INDEPENDENT AUDITOR'S REPORT

Honorable Tax Collector
Hamilton County, Florida

Report on the Financial Statements

I have audited the accompanying financial statements of the major fund and the aggregate remaining fund information of the Hamilton County Tax Collector, as of and for the year ended September 30, 2017, 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, 2017, 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, 2017, 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 6, 2018, 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 6, 2018

FINANCIAL STATEMENTS

**HAMILTON COUNTY, FLORIDA
TAX COLLECTOR**

**BALANCE SHEET
GOVERNMENTAL FUNDS**

September 30, 2017

	<u>General Fund</u>
Assets	
Cash	\$ <u>14,343</u>
Liabilities and fund balance	
Liabilities	
Due to other governmental units	
Hamilton County Board of County Commissioners (HCBCC)	\$ 14,343
Fund balance - unassigned	<u>-</u>
Total liabilities and fund balance	\$ <u>14,343</u>

**HAMILTON COUNTY, FLORIDA
TAX COLLECTOR**

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

For the Year Ended September 30, 2017

	<u>General Fund</u>
Revenues	
Charges for services	
Delinquent tax fees	\$ 12,381
Motor vehicle fees	48,601
Sales tax fees	1,560
Fish and game fees	623
Driver's license fees	32,152
Miscellaneous fees	3,333
Tax commissions	290,153
Advertising fees	5,802
Miscellaneous revenues	
Interest	<u>115</u>
Total revenues	<u>394,720</u>
Expenditures	
General government services	
Personal services	
Executive salaries	97,613
Regular salaries	147,704
FICA taxes	18,442
Retirement - official	29,532
Retirement employees	7,618
Retirement employees - SMS	10,503
Life and health insurance	<u>44,846</u>
Total personal services	<u>356,258</u>
Operating expenditures	
Professional services	8,060
Other contractual	18,240
Travel	2,712
Communications	3,821
Postage	4,050
Repair and maintenance	1,889
Printing and binding	3,500
Other current charges	370
Other current charges - advertising	6,710
Office supplies	1,988
Data processing	21,812
Operating supplies	424

(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, 2017

	<u>General Fund</u>
Expenditures (continued)	
Association dues	\$ 2,182
Education	<u>548</u>
Total operating expenditures	<u>76,306</u>
 Capital outlay	
Equipment	<u>2,238</u>
Total expenditures	<u>434,802</u>
 Excess (deficiency) of revenues over expenditures	 (40,082)
 Other financing sources	
Interfund transfers in (out) - HCBCC	<u>40,082</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
TAX COLLECTOR**

**STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND**

September 30, 2017

Assets

Cash	\$ <u>128,682</u>
------	-------------------

Liabilities and net position

Due to other governments:

Hamilton County Board of County Commissioners	\$ 1,023
State of Florida	281
Others	123,790

Other current liabilities

Interest payable	36
Due to individuals	<u>3,552</u>

Total liabilities	<u>128,682</u>
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Net position	<u>\$ -</u>
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**HAMILTON COUNTY, FLORIDA
TAX COLLECTOR**

NOTES TO FINANCIAL STATEMENTS

September 30, 2017

NOTE 1. THE REPORTING ENTITY

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Basis of Presentation

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

The Tax Collector reports the following major fund:

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

The Tax Collector reports the following fund types:

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

B. Measurement Focus and Basis of Accounting

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

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

C. Deposits

See Note 2 at Section II.

In accordance with GASB 34, \$1,023 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 \$40,082. 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, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for services	\$ 424,776	\$ 424,776	\$ 394,605	\$ (30,171)
Miscellaneous revenues				
Interest	<u>100</u>	<u>100</u>	<u>115</u>	<u>15</u>
Total revenues	<u>424,876</u>	<u>424,876</u>	<u>394,720</u>	<u>(30,156)</u>
Expenditures				
General government services				
Personal services	370,264	370,264	356,258	14,006
Operating expenditures	103,337	103,337	76,306	27,031
Capital outlay	<u>5,700</u>	<u>5,700</u>	<u>2,238</u>	<u>3,462</u>
Total expenditures	<u>479,301</u>	<u>479,301</u>	<u>434,802</u>	<u>44,499</u>
Excess (deficiency) of revenues over expenditures	(54,425)	(54,425)	(40,082)	14,343
Other financing sources				
Interfund transfers in (out) - HCBCC	<u>54,425</u>	<u>54,425</u>	<u>40,082</u>	<u>(14,343)</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
TAX COLLECTOR**

NOTES TO BUDGETARY COMPARISON SCHEDULE

September 30, 2017

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, 2017.

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

COMPLIANCE SECTION

KENNETH M. DANIELS
CERTIFIED PUBLIC ACCOUNTANT

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

To the Honorable Tax Collector
Hamilton County, Florida

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hamilton County Tax Collector, as of and for the year ended September 30, 2017, 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 6, 2018.

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 'Ken M. Daniels', is written over the printed name.

Kenneth M. Daniels
Certified Public Accountant
June 6, 2018

KENNETH M. DANIELS
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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 October 1, 2016, to September 30, 2017. Management of the Hamilton County Tax Collector is responsible for the Tax Collector's compliance with the specified requirements. My responsibility is to express an opinion on 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. Those standards require that I plan and perform the examination to obtain reasonable assurance about whether Hamilton County Tax Collector complied in all material respects with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Hamilton County Tax Collector complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on my judgement, including the assessment of the risks of material noncompliance, whether due to fraud or error. I believe that the evidence I obtained is sufficient and appropriate to provide a reasonable basis for my opinion.

My examination does not provide a legal determination on Hamilton County Tax Collector's compliance with the specified requirements.

In my opinion, the Hamilton County Tax Collector complied in all material respects, with the specified requirements indicated above during the period October 1, 2016, to September 30, 2017.



Kenneth M. Daniels
Certified Public Accountant
June 6, 2018

KENNETH M. DANIELS
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MANAGEMENT LETTER

To the Honorable Tax Collector
Hamilton County, Florida

Report on the Financial Statements

I have audited the financial statements of the Hamilton County Tax Collector, as of and for the fiscal year ended September 30, 2017, and have issued my report thereon dated June 6, 2018.

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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550 *Rules of the Auditor General*. Disclosures in those reports, which are dated June 6, 2018, 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.

Financial Management

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

Additional Matters

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires me to communicate 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 note 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 Hamilton County Tax Collector, 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 Account
June 6, 2018